27th ANNUAL REPORT 2021-22

DIGITAL PROPULSION
FOR FINANCIAL INCLUSION

IIFL FINANCE

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INVESTOR INFORMATION

Market Capitalization as at March 31, 2022

₹ 108.2 Billion

CIN

L67100MH1995PLC093797

BSE Code

532636

NSE Symbol

IIFL

Bloomberg Code

IIFLIN

Dividend Distributed

₹ 3.50 per share

AGM Date

Friday, July 08, 2022

Please find our online version at:
https://www.iifl.com/finance/investor-relations/financials

Disclaimer: This document contains statements about expected future events and financials of IIFL Finance Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to this disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this Annual Report.

ABOUT THIS REPORT

This Report is addressed to all of our stakeholders as one of our primary communication pieces. This Report contains comprehensive information on our operational and financial performance and their influence on our strategic objectives, resulting in our ability to create sustainable value.

OUR APPROACH TO REPORTING

As a means of increasing transparency to all of our stakeholders, IIFL Finance Limited ('the Company') has created this Report in compliance with the principles of Integrated Reporting <IR> established by the International Integrated Reporting Council (IIRC). This Report provides detailed insights into our operational environment, strategy, material challenges, risks and opportunities, stakeholder engagement, and approach to long-term sustainability, in addition to our integrated value generation across six capitals, both financially and non-financially.

REPORTING PERIOD, SCOPE AND BOUNDARY

The reporting period for this Integrated Report is from April 1, 2021 to March 31, 2022. It includes an overview of our operations, business segments and key focus strategies.

REPORTING STANDARDS AND FRAMEWORKS

The Company has developed this Report using the principles of <IR> as laid out by the IIRC. The Statutory Reports, which include the Directors' Report, Management Discussion and Analysis (MD&A) section, Corporate Governance Report, and Business Responsibility Report, are in accordance with the Companies Act of 2013, the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations of 2015, and the prescribed Secretarial Standards. The non-financial information given in this Report is based on the Global Reporting Initiative's sustainability reporting criteria (GRI Standards).

OUR APPROACH TO MATERIALITY

The Report provides an overview of our business and associated activities that assist us in creating long-term value. The Report also addresses several issues that may have a substantial influence on the organization's potential to create value, as well as the measures undertaken to mitigate them.

MANAGEMENT ASSURANCE

The Report's content has been evaluated by our Company's senior management, which is overseen by the Managing Director. Our Company's Board of Directors has also imparted necessary governance supervision.

DIGITAL PROPULSION
FOR FINANCIAL INCLUSION

Technology is fast evolving and reshaping the traditional styles of lending. Today, digitization is emerging as an effective way of bringing in efficiencies, automating procedures, smoothening operational management, broadening reach and other areas of service, by revolutionizing financial services rapidly.

At IIFL Finance, we have always believed in the potential of digital lending catapulting into a plethora of opportunities for the common man and businesses. And so, over the years, we have consistently worked on making this transition smooth by adapting to the changes, way before they became vital. Our cutting-edge technological integration and focus on small-ticket retail loans enable us to reach the people who are currently unserved in the financial domain.

As a pioneer in the industry, our digital capabilities extend beyond digital platforms as we focus on its integration across our entire value chain. Backed by our digital prowess, we are focused on providing affordable credit to the underserved. This, in turn, could boost the economy, enable leading better lives by providing better opportunities, secure our customers' future and offer solutions that help them meet their aspirations.

IIFL Finance strongly believes in promoting financial inclusion across the country. With the vision for India's future growth, expanding financial inclusion is crucial and we are motivated and prepared to contribute towards it.

We are all set for this Digital Propulsion while continually working on Financial Inclusion.


IIFL FINANCE

PROPULSION OF OPPORTUNITIES. INCLUSION OF CUSTOMER NEEDS.

IIFL FINANCE AT A GLANCE

IIFL Finance Limited ('IIFL Finance,' 'The Company,' or 'We') was incorporated in 1995. We started our business with a core vision: To become the country's most respected financial services Company. Right from the desire to own a home or to establish a new business, we have assisted our customers in their journey of making their dreams a reality. With over two-and-a-half-decades of experience and excellence in customer service, IIFL Finance has exhibited reliability and eventually developed customer confidence. This, in turn, has helped us maintain a long-term relationship with our customers, contributing to our journey of growth.

Today, IIFL Finance has a wide network of 3,296 branches in over 1,260 towns/cities spread across the length and breadth of the country. Despite being at the forefront of technology, where we provide end-to-end digital services to our customers, right from customer onboarding to loan disbursement, we continue to invest in the physical network of branches to provide a seamless experience to our customers. During FY 2021-22, we added 731 new branches across the country. We firmly believe that local presence boosts customers' trust.

OUR VISION

To be the most respected financial services company in India. Not necessarily the largest or most profitable.

CORE VALUES

Our core values serve as a moral compass in all our activities. Fairness, Integrity, and Transparency – FIT – is the driving force behind all we do at IIFL Finance. We work with people who fit into our professional ethos. It is our constant endeavor to create sustainable value for all our stakeholders. We are resolute in the observance of these values and will let go of any growth opportunities that deem unfit.

F I T

Fairness

Fairness in our transactions with all stakeholders, including employees, customers, communities, regulators, Government, investors, and vendors, bereft of fear or favor.

Integrity

Integrity and honesty of the utmost nature, in the letter, in spirit, and in all our dealings with people, internal or external.

Transparency

Transparency in all our dealings with stakeholders, media, investors, and the public at large.

OUR SUBSIDIARIES

We, at IIFL Finance, along with our subsidiaries – IIFL Home Finance Limited and IIFL Samasta Finance Limited – are focused on expanding our retail lending portfolio across the Gold loan, Business loan, Home loan and Microfinance loan space.

IIFL FINANCE

IIFL HOME LOAN

Registered as a Housing Finance Company with the National Housing Bank in 2009, IIFL Home Finance provides small-ticket Home loans, secured MSME loans and project loans.

IIFL samasta

Incorporated in March 2008 and categorized as Non-Banking Finance Company-Micro Finance Institution (NBFC MFI) that provides innovative and affordable financial products and services to more than a million rural and semi-urban womens.

In June 2022, Abu Dhabi Investment Authority (ADIA) announced plans to invest ₹ 22 Billion for a 20% stake in IIFL Home Finance, subject to regulatory approvals.

PROPULSION REFLECTED IN PERFORMANCE

IIFL FINANCE IN NUMBERS

With over two and a half decades of expertise in the finance industry, we have fulfilled customer aspirations by meeting their credit needs. This has provided us with a competitive advantage in the country's credit lending market. We continue to exceed ourselves in gaining customers' trust, laying the path and foundation for a prosperous and promising future.

8 Million+
CUSTOMER BASE

2 Million+
NEW CUSTOMERS ADDED*

87%
BRANCHES IN TIER II AND TIER III LOCATIONS

20.6%
RETURN ON EQUITY

₹ 31.4
EARNINGS PER SHARE

₹ 165.3
BOOK VALUE PER SHARE

₹ 512.1 Billion
ASSETS UNDER MANAGEMENT (AUM)

2.1 Million+
APP DOWNLOADED*

₹ 4.2 Billion
DIGITAL PAPERLESS DISBURSALS (DIY)*

28,369
EMPLOYEE STRENGTH

2.2 lakhs
TRAINING HOURS*

₹ 127.4 Million
AMOUNT SPENT TOWARDS CSR*

55,561
NUMBER OF BENEFICIARIES

*Data pertains to FY 2021-22

INCLUSION THROUGH VARIED OFFERINGS

PRODUCT OFFERINGS

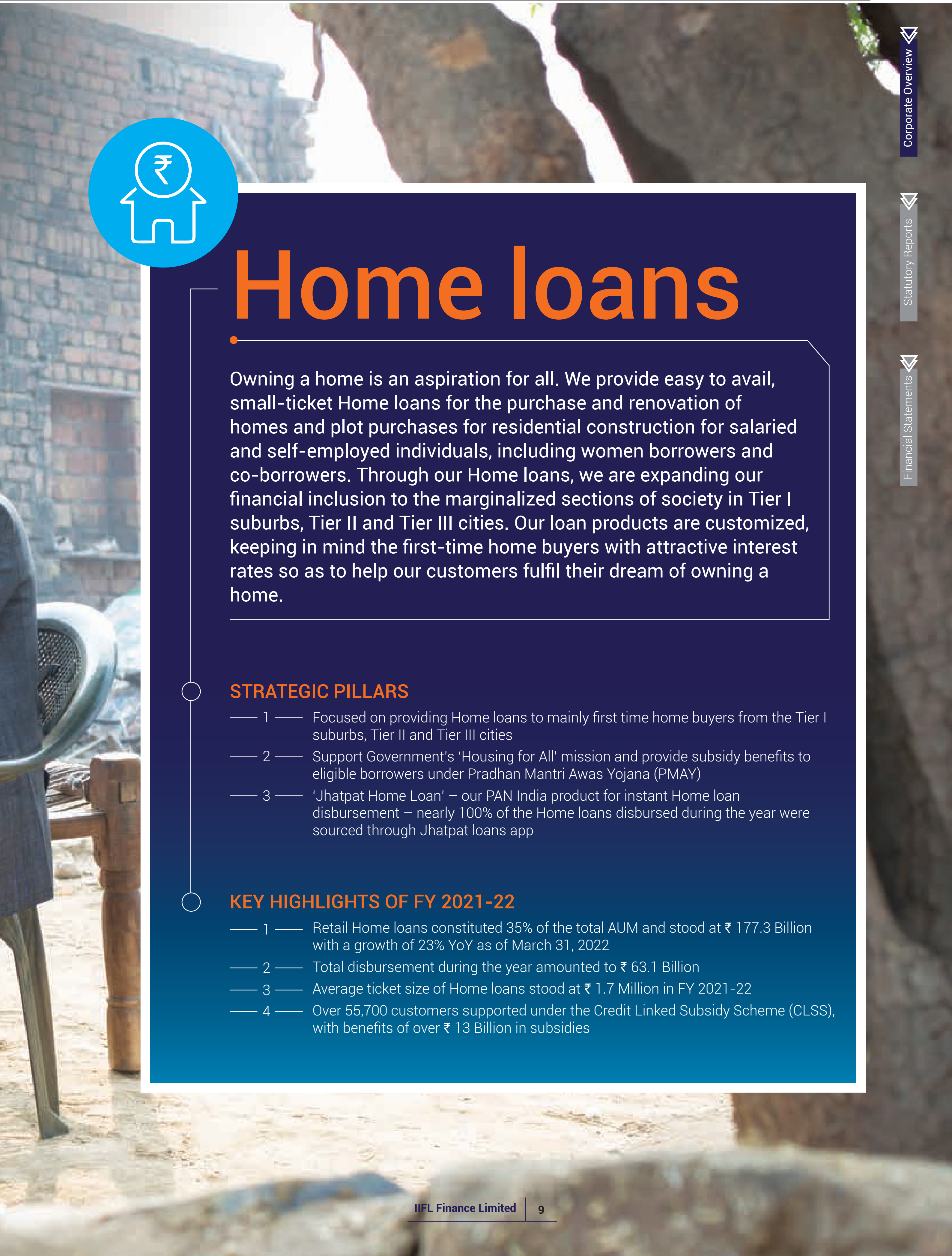
Through its product line, IIFL Finance and its subsidiaries offers its customers a wide array of loan products. We strive to stay one step ahead of the competition and provide innovative solutions to fulfill our customers' ever-changing needs. IIFL Finance, along with its subsidiaries, has progressively extended small-ticket size loans with over 94% of the portfolio being retail in nature as of March 31, 2022. Here again, 69% of loans are Priority Sector Lending (PSL) compliant. Home loan, Gold loan, Business loan and Microfinance loan form the core segments of the Company.

MARKET OPPORTUNITIES FOR THE HOME LOAN SEGMENT REMAINS STRONG

₹ 13 Trillion
ESTIMATED SIZE OF THE AFFORDABLE HOUSING MARKET BY FY 2025, FROM ₹ 9 TRILLION CURRENTLY

41%
OF INDIA'S POPULATION EXPECTED TO RESIDE IN URBAN AREAS*

*Source: UN Survey



Home loans

Owning a home is an aspiration for all. We provide easy to avail, small-ticket Home loans for the purchase and renovation of homes and plot purchases for residential construction for salaried and self-employed individuals, including women borrowers and co-borrowers. Through our Home loans, we are expanding our financial inclusion to the marginalized sections of society in Tier I suburbs, Tier II and Tier III cities. Our loan products are customized, keeping in mind the first-time home buyers with attractive interest rates so as to help our customers fulfil their dream of owning a home.

STRATEGIC PILLARS

1. Focused on providing Home loans to mainly first time home buyers from the Tier I suburbs, Tier II and Tier III cities
2. Support Government's 'Housing for All' mission and provide subsidy benefits to eligible borrowers under Pradhan Mantri Awas Yojana (PMAY)
3. 'Jhatpat Home Loan' – our PAN India product for instant Home loan disbursement – nearly 100% of the Home loans disbursed during the year were sourced through Jhatpat loans app

KEY HIGHLIGHTS OF FY 2021-22

1. Retail Home loans constituted 35% of the total AUM and stood at ₹ 177.3 Billion with a growth of 23% YoY as of March 31, 2022
2. Total disbursement during the year amounted to ₹ 63.1 Billion
3. Average ticket size of Home loans stood at ₹ 1.7 Million in FY 2021-22
4. Over 55,700 customers supported under the Credit Linked Subsidy Scheme (CLSS), with benefits of over ₹ 13 Billion in subsidies

Business loans

At IIFL Finance, we promote financial inclusion by supporting the MSMEs in their business funding requirements. We offer secured loans, such as Loan Against Property (LAP), and small-ticket unsecured loans backed by cash flows. Customers in the manufacturing, trading and service industries benefit from our loan offerings. We assist them in meeting their working capital and business expansion needs.

STRATEGIC PILLARS

1. A complete digital journey from customer onboarding to model-based underwriting to automated collections for unsecured Business loans
2. Digital top-up facility for existing customers under secured LAP category
3. Continous monitoring of portfolio and collections based on risk occurrences and triggers
4. Partnerships with leading fintechs with appropriate risk-sharing arrangements

KEY HIGHLIGHTS OF FY 2021-22

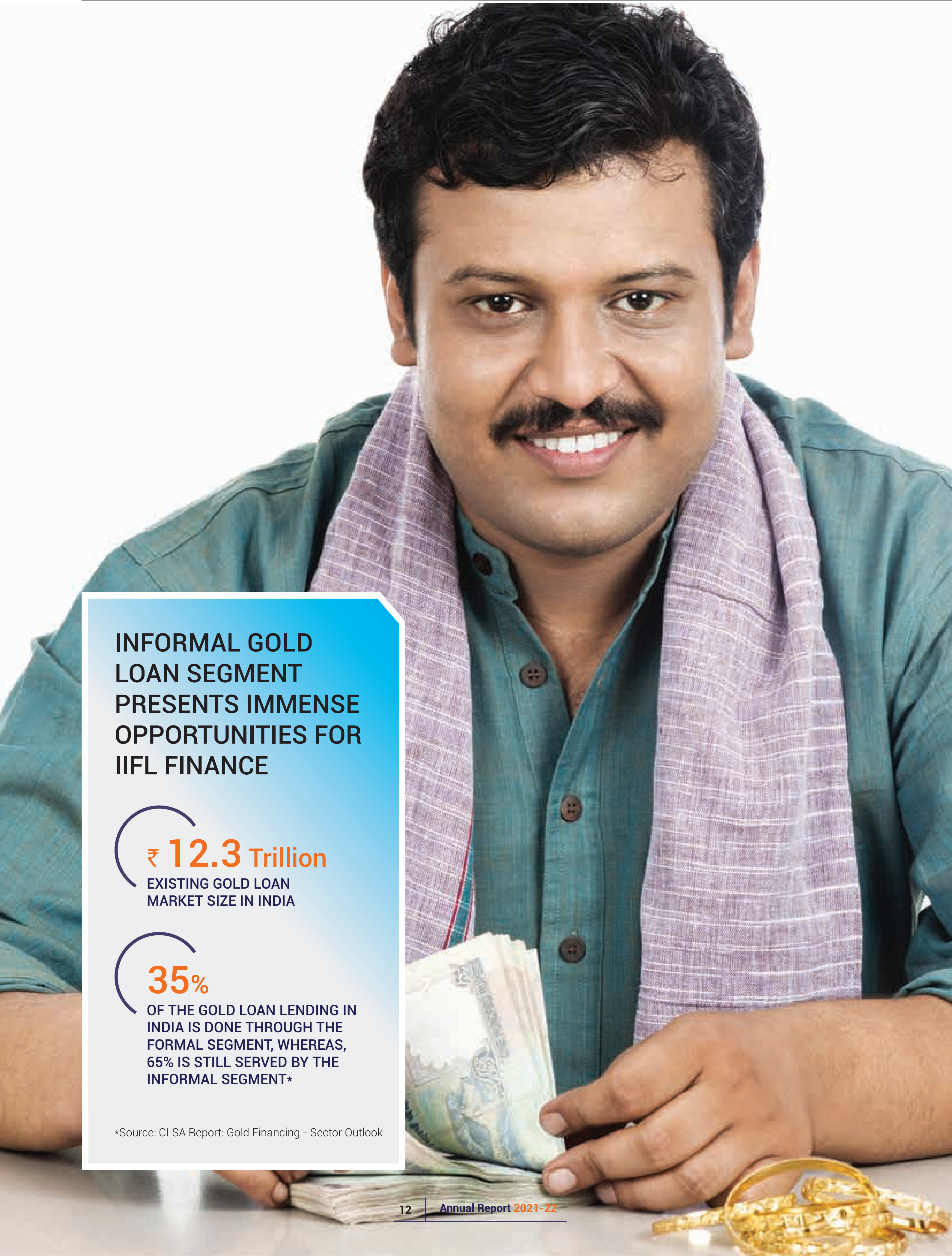
1. Business loans constituted 15% of the total AUM, as of March 31, 2022, and stood at ₹ 75.6 Billion
2. Total disbursement during the year amounted to ₹ 32.4 Billion
3. Average ticket size of Business loans stood at ₹ 1 Million in FY 2021-22
4. Digital DIY loan disbursement saw multifold growth during the year, reaching ₹ 4.17 Billion

HUGE CREDIT GAP IN THE MSME SECTOR TO CREATE OPPORTUNITIES FOR THE BUSINESS LENDING SPACE

₹ 20-25 Trillion
ESTIMATED OVERALL CREDIT GAP IN THE MSME SECTOR (AS PER RBI'S 2019 REPORT)*

16%
OF MSMEs RECEIVED FINANCING FROM FORMAL INSTITUTIONS#

*Source: Reserve Bank of India
#Source: ACCA Report: MSME: The Agent Of Economic Growth And Development In India, June 2021



INFORMAL GOLD LOAN SEGMENT PRESENTS IMMENSE OPPORTUNITIES FOR IIFL FINANCE

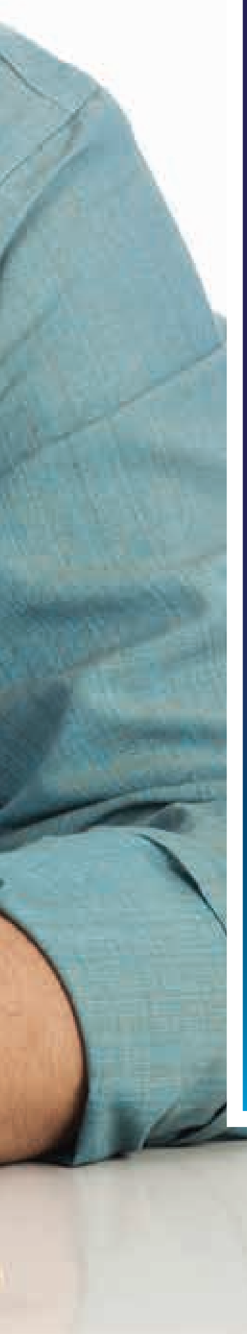
₹ 12.3 Trillion

EXISTING GOLD LOAN MARKET SIZE IN INDIA

35%

OF THE GOLD LOAN LENDING IN INDIA IS DONE THROUGH THE FORMAL SEGMENT, WHEREAS, 65% IS STILL SERVED BY THE INFORMAL SEGMENT*

*Source: CLSA Report: Gold Financing - Sector Outlook



Gold loans

Gold loans assist consumers with their short-term working capital requirements and exigencies, linking them with the goal of financial inclusion. Small enterprises, vendors, traders, farmers, and salaried persons can get a loan against their gold jewellery to suit their personal and business needs. We ensure best-in-class customer service through a rapid and straightforward loan disbursement process and a nationwide network. Our 'Gold Loan at Home' initiative enables our customers to avail Gold loan from within the ease of their homes. Offering a secure and paperless loan experience to the customers, we have expanded our Gold loan segment without adopting a brick-and-mortar route. Currently, operating in 19 cities, the Company plans to expand the 'Gold loan at Home' initiative to over 50 cities across the country.

STRATEGIC PILLARS

1. Presence in over 1,260 towns/cities across 22 states for sourcing
2. Screening customers for previous defaults, scams and negative customer lists through the in-house loan origination tablet application
3. Strong emphasis on collections and resolution resulting in negligible losses
4. Implementing digitization and strict security measures at the branch level to reduce costs and contingencies

KEY HIGHLIGHTS OF FY 2021-22

1. Gold loans accounted for 32% of total AUM, which amounted to ₹ 162.3 Billion as of March 31, 2022, a 23% increase YoY
2. Total disbursement during the year amounted to ₹ 232.9 Billion
3. Average ticket size of Gold loan stood at ₹ 70,000

Microfinance loans

Microfinance loans contributes to increased asset development and income security in households and communities. On the basis of a joint liability group model, we provide small-ticket Micro loans to self-employed women for income-generating activities. Micro loans, credit-linked insurance, and group-based savings accounts are some of the ways we support community well-being. Our significant presence in rural and semi-urban areas acts as a strong enabler. We provide substantial assistance and instructions to our customers to guide them in the right use of funds and quick repayment.

STRATEGIC PILLARS

1. Widespread presence in 17 states and 288 districts
2. Educating customers on the proper use of funds, prompt repayment, and joint obligation
3. Adequately prepared to promote the goal of financial inclusion through Co-lending, operating as a Business Correspondent (BC) partner, in collaboration with banks
4. A 100% credit-linked insurance coverage

KEY HIGHLIGHTS OF FY 2021-22

1. Microfinance constituted 12% of the total AUM in FY 2021-22
2. AUM, as of March 31, 2022, stood at ₹ 61.6 Billion with a growth of 30% YoY
3. Total disbursement during the year amounted to ₹ 54.5 Billion
4. Average ticket size of Microfinance loans stood at ₹ 30,000 in FY 2021-22

OPPORTUNITIES TO ADDRESS THE UNTAPPED MICROFINANCE SPACE

₹ 2.5 Trillion

SIZE OF THE CURRENT MFI MARKET IN INDIA, HAS POTENTIAL TO GROW AT A CAGR OF >40% THROUGH 2025, DRIVEN LARGELY BY THE WOMEN-ORIENTED MSMEs

Source: Status of Microfinance in India Report 2021 by NABARD

CHAIRMAN'S PERSPECTIVE

> The 3-pronged strategy of growing phygitally, partnership with fintechs and fortifying co-lending is working well for the Company.

Dear Stakeholders,

It is a pleasure to write my first letter to all of you as the Chairman of IIFL Finance. I have been associated with the company for the past many years and have witnessed as well as participated in its consistently profitable growth for more than a decade. I am pleased to present to you the Company's integrated annual report for the FY 2021-22.

Your Company has scored well on all key parameters of financial and non-financial performance in the year under review. These include growth metrics such as loan AUM, branch network, employee addition, digital reach, as well as profitability metrics such as post-tax earnings, return ratios, margins, and so on. This performance reflects your Company's ability to identify opportunities, build relevant strategies and execute them efficiently.

HEALTHY RECOVERY IN THE MACRO ECONOMY

FY 2021-22 was outlined by continuous and durable recovery in the macro-economy. This recovery was brought about by the combined efforts of the central government and the Reserve Bank of India (RBI) – who used their full might to revive the economy. The growth-focused policies of the government, accommodative stance of the central bank, rapid vaccination and broad-based stimulus measures together pulled out the economy from the pandemic-induced recession. In this scenario, it is not surprising that the Indian economy grew 8.7% in FY 2021-22, and was the fastest-growing major economy in the world.

The NBFC sector too bounced back on its feet thanks to a host of liquidity-boosting measures undertaken by the central bank. These included trimming of repo rate, targeted long-term repo operations, special liquidity scheme and partial credit guarantee scheme, among others. Consequently, bank credit to NBFCs grew 10.4% in FY 2021-22, with outstanding bank credit of ₹ 10.5 Trillion (Source: Care Ratings). Total credit outstanding from NBFCs is estimated to have grown 6-7% during FY 2021-22.

Outlook remains strong for both macro economy as well as the NBFC sector. This, despite the emergence of newer challenges amid longer-than-expected run of the Russia-Ukraine war. This geopolitical crisis has posed severe inflationary challenges for global economies, propelling central banks to hike rates. As a result, liquidity could witness some strain, toning down economic growth of emerging as well as developed countries. India's economic growth for FY 2022-23 is thus, pegged at 7.2% by RBI. AUMs of NBFCs could grow in double digit during FY 2022-23.

PROGRESSING FORWARD, RESPONSIBLY

Your Company has witnessed healthy, all-round growth during FY 2021-22. The robust performance scorecard is a culmination of continuous thrust on digitalization, sharp eye on innovation to build sustainable competitive advantage and a 360-degree focus on enhancing customer experience. To this end, your Company keeps exploring best ways to grow, both organically as well as through partnerships. The 3-pronged strategy of growing phygitally, partnership with fintechs and fortifying co-lending is working well for the Company. A significant underbanked populace presents unlimited opportunities for NBFCs. I believe, there is immense potential for the Company to maximize each of these strategies and achieve greater scale and efficiency. Your Company is well poised to capitalize on the rapidly growing fintech market in India and contribute to the agenda of financial inclusion. Your Company will continue to build capabilities of its people, digital offerings and branch network in the future. And we will do so in a responsible manner. During the year under review, we have updated our Enivronmental, Social and Governance (ESG) policy. Our teams are working dedicatedly to embed sustainability across all our activities and create shared value for all stakeholders.

In the backdrop of continuously modernizing technology platform, evolving compatible business processes focused on providing superior customer satisfaction and efficient delivery of host of financial services together with your Company's lending linkages with large number of banks which include SBI, ICICI, Union Bank etc, I am confident that your Company is well poised to deliver consistently high growth in the present competitive environment and well positioned to scale greater heights in times to come. The road ahead looks promising for your Company as it leverages enablers such as a strong balance sheet, operational efficiencies and a scalable business model.

In the end, I would like to applaud the top management at the Company for their exemplary performance. I would also like to thank the Board of Directors, the employees, customers, communities, investors, business partners, lenders and all you stakeholders for being the pillars of strength of the Company.

Best Regards,

A. K. Purwar

MANAGING DIRECTOR'S PERSPECTIVE

DIGITAL PROPULSION FOR FINANCIAL INCLUSION

Dear Stakeholders,

India is the fastest growing fintech market in the world. As per a report by NewsVoir, India has 87% adoption of fintech as compared to the global average of 64%. In the year 2020, India processed real time payment transactions of over 25 Billion as compared to about 15 Billion in China and a meagre 1.2 Billion in the USA. Indian government's successful push to JAM (Jan Dhan Yojana, Aadhaar and Mobile number) set the stage for accelerated financial inclusion of masses. Even as UPI (Unified Payments Interface) revolutionized payments, OCEN (Open Credit Enablement Network) and AA (Account Aggregator) are the engines for digitally propelling the delivery of credit to hitherto credit-deprived MSMEs. While the government and regulators have created the requisite infrastructure and environment for financial inclusion at a lightning pace, *your Company is indeed well placed to make meaningful contribution in India's digital propulsion for financial inclusion.*

DIGITAL PROPULSION

Your company's DNA is digital innovation. We were a start-up in the late 90s, the first wave of technology's exponential growth driven by the internet. We survived and consistently grew through the roller coaster ride of investor and market sentiments. The current second wave of technology's rapid stride, driven by digitalization is much swifter and stronger. The government has created a powerful digital backbone and infrastructure. This has set the stage for rapid and inclusive economic growth. Your Company over last two and a half decades, has built financial, technological, distribution and brand power to leverage the nation's unique digital advantages to propel economic growth driven by delivery of credit to hitherto under- served segments of the society. The Company's branch network is expanding into geographies under- penetrated by the banks.

We have taken an innovative and holistic approach to achieve our mission *'to be the leading lender of customers not served or under served by banks in India'*. We are not a bank. But a bank account and related services are as much needed for our target customer segments. Globally, there are several success stories of entrepreneurs partnering with banks to offer simpler interface to open an account and integrating payment, invoicing, payroll, accounting, tax and other services on cloud, to make life simple for MSMEs or millennial consumers. In India, Open Financial Technologies 'Open' has done the same with great success with 2 Million MSMEs on their platform. Your Company has set up a joint venture (JV) with 'Open' to access the technology and hit the ground running.

The in-house technology capabilities built and honed over the years, augmented by innovative win- win partnership with new age digital start- ups, places your Company in a sweet spot to participate in the digital propulsion our nation's economy and masses will experience and benefit from.

FINANCIAL INCLUSION

Our unique combination of vast physical branch network and deployment of deep science and digital technologies, empowers us to drive financial inclusion agenda in a very effective way. It enables us to reach the end consumer in the under-served MSME segment like never before. Our phygital (physical and digital) distribution network reaches customers across the length and breadth of the company, from largest metros to smallest towns in remote areas.

Our core products namely affordable home loans, gold loans, business loans and microfinance loans are all small ticket, retail and designed to service lower and middle-income groups. In fact, we do not have any loan product for affluents. We are ready to scale up our granular loan book with most customers being 'new to credit' or 'not customers of any bank'. Our strong balance sheet, robust systems, processes and data analytics will help us minimize frauds, reduce costs and offer multiple products under one roof.

To take an example of our innovative approach to reach large customer base in a cost effective manner, we became the first NBFC in India to launch instant business loan on WhatsApp, covering the complete end-to-end journey of the customer. There has been an overwhelming response as ubiquity of WhatsApp in India, makes it most convenient for customers.

We understand that our country is too large for any one financial institution or fintech entity to service, Therefore, we have a partnership approach and we make our core APIs for lending freely available to all. Our in-house technology team is also adept at integrating external APIs. Our last mile reach to the customer, innovative technologies by fintechs and banks supporting with their balance sheet under co-lending arrangements; make unique win-win partnership for wider, deeper and swifter financial inclusion of smallest enterprises and consumers.

THE YEAR UNDER REVIEW

Your Company earned its highest-ever post-tax profit of ₹ 11.9 Billion in FY 2021-22, a jump of 56% over the preceding year. This performance was front-ended by strong traction in loan AUM, enhanced reach of our phygital channels and stable asset quality. Our performance has been exemplary on all important financial metrics – return ratios, liquidity, margins, and so on. Our return on equity of above 20% p.a. is amongst the best in the industry. FY 2021-22 was also the year when we updated our environmental, social and governance or ESG policy as well as our key focus areas to up our sustainability quotient.

During the year, IIFL Home Finance raised US$ 68 Million by issue of NCDs to Asian Development Bank (ADB) for enhancing funding to affordable green housing across the lower-income groups in India. In June 2022, Abu Dhabi Investment Authority (ADIA) has signed a definitive agreement to invest ₹ 22 Billion for a 20% stake in IIFL Home Finance, subject to statutory approvals. These investments reaffirm the faith of marquee, global organizations in our entity.

Effective April 1, 2022, Mr. Arun Kumar Purwar, former Chairman of State Bank of India, has been appointed as Chairman of IIFL Finance. Mr. Purwar brings with him immense expertise and knowledge of the BFSI sector and has been associated with our Company for quite some time now. I am confident that the company will prosper immensely under his guidance.

I believe, your Company is well poised to contribute meaningfully to the financial inclusion of the under-privileged masses and help them to have their rightful share in the nation's prosperity. Your Company's mission also enables the Company's rapid and sustainable growth, propelled by revolutionary digital technologies our generation is privileged to experience.

Before concluding, I would like to extend my heartfelt gratitude to all you stakeholders for your continued support to the company and strong belief in our abilities. It is our constant endeavor to create sustainable value for all of you consistently.

Best Regards,

Nirmal Jain

INCLUSIVE GROWTH THROUGH VALUE CREATION

Capitals Engaged → Inputs → Stakeholder Value Creation

FINANCIAL CAPITAL

Our strong capital base, as well as diversified sources of funding, enable us to support our clients in their credit needs.

Capital Employed:	₹ 422 Billion
Total Equity:	₹ 64.7 Billion
Total Debt:	₹ 357.3 Billion

INTELLECTUAL CAPITAL

Our intangible assets include our brand, reputation, technology-based infrastructure, strategic partnerships with third-party payment interfaces, tie-ups with banks for Co-lending and assignments, manage risks and deliver effective customer service.

Count of unique bank tie-ups under Co-lending:	10

MyMoney App for complete paperless loan disbursements

Introduced 'Instant Loan on WhatsApp'

PHYSICAL CAPITAL

Our wide local presence along with a digital platform to serve the underserved population.

No. of branches:	3,296
Towns/Cities:	1,260+

HUMAN CAPITAL

Our employees' skills and experience is leveraged to deliver our financial solutions to the customers.

Workforce strength:	28,369

Reward structure
Linked with performance and value drivers

SOCIAL AND RELATIONSHIP CAPITAL

Our relationships with stakeholders, particularly the communities in which we operate.

Contribution towards CSR:	₹ 127.4 Million

NATURAL CAPITAL

Our consumption and impact on natural resources such as energy, water, and climate, as well as our mitigation measures.

Kutumb Green Building Initiative

Green Value Partner (GVP)

PURPOSE (**P**latform for Green Affordable Ho**U**sing & Finance, Through **R**esearch, **P**olicy & Techn**O**logy, for **S**ustainable **E**co-System)

VISION

To be the most respected financial services company in India. Not necessarily the largest or most profitable

CORE VALUES

Our core values serve as a moral compass in all our activities. Fairness, Integrity and Transparency – FIT – is the driving force behind all we do. We only work with people who fit into our professional ethos. It is our constant endeavor to create sustainable value for all our stakeholders. We are resolute in the observance of these values and will let go of any growth opportunities that deem unfit

KEY ENABLERS

- Strong balance sheet
- High operational efficiency
- A scalable business model

OUR FOCUS AREAS

- Small-ticket size retail loans
- Expanding physical presence
- Evolving digital platforms
- Strategic tie-ups with banks for Co-lending
- Strategic partnership with third-party fintech partners

Outcomes

Impact on Stakeholders & Partnerships

PRIME PILLARS

Branch Infrastructure
We have an extensive branch network across India backed by our cutting-edge digital infrastructure. This hybrid model gives us our 'Phygital' strength.

Technology
Delivering disruptive products using innovations in technology is what customers expect from us. We take great pride in staying ahead of the curve in discovering the latest trends and implementing them in business.

Our people
We have never underestimated the power of human capital. If anything, we have always emphasized and endorsed the power of building a human connect. People continue to be our strength, support and are the backbone on which we have built our business.

Ethics & Compliance
A global environment, characterized by tightening compliance standards, is our competitive advantage. We adhere to and ensure the strictest standards of ethics and compliance in all our dealings with our customers, building and promoting a transparent, fair and unbiased culture of equality and honesty in all our business transactions.

FINANCIAL CAPITAL

ROE:	20.6%
ROA:	2.7%
PAT:	₹ 11.9 Billion
NIM:	7.0%
Dividend Distributed:	₹ 3.50 per share
EPS:	₹ 31.4

Shareholders

INTELLECTUAL CAPITAL

Co-lending disbursement:	₹ 42 Billion
Average monthly users of mobile apps:	2.8 lakhs+
Disbursement through digital DIY loans:	₹ 4.17 Billion

Customers & Banks

PHYSICAL CAPITAL

Total customer base:	8 Million+
No. of customers added in FY 2021-22:	2 Million+

Customers

HUMAN CAPITAL

Average training hour per employee:	4.55
Average training hour per employee led by virtual instructors:	2.45
Employee training hours:	2.2 lakhs

(Above numbers pertain to FY 2021-22)

Employees

SOCIAL AND RELATIONSHIP CAPITAL

Loan to first-time home buyers:	1,51,000+
Total customers benefited under Microfinance loans:	1.75 Million
Lives impacted through CSR interventions:	55,561

Society & Community

NATURAL CAPITAL

Savings under IGBC preliminary certified/ certified projects under management

Energy savings:	11,948 MWH p.a.
Water savings:	6,90,087 KL p.a.
Emission savings:	10,992 Tonnes p.a.

Society

INCLUSION FOR UNLOCKING OPPORTUNITIES
OUR STRATEGIC FOCUS AREAS

At IIFL Finance, we continue to focus on a granular portfolio backed by advanced technological integration across the value chain. Ensuring healthy asset quality and surplus liquidity across all buckets remain among our key priorities.

In a financial system like India's, where NBFCs play an important role as financial intermediaries, growth in credit supply is vital for promoting financial inclusion in the real economy. According to the RBI, the annual Financial Inclusion Index for March 2021 stood at 53.9, with 11.7% of individuals still without access to a bank account. While the Prime Minister's Jan Dhan Yojana (PMJDY) and the Reserve Bank of India's outreach efforts to introduce banking to the underserved have brought a huge number of individuals into the banking system, data shows that more than 85% of bank accounts are still either dormant or have non-active users. Hence, we believe that the emphasis must now shift from creating bank accounts to promoting more meaningful financial products, with credit being a significant focus. This unlocks the potential for an NBFC to service the underserved low-ticket market in India.

WE ARE A RETAIL-FOCUSED COMPANY WITH AN INTENTION TO SERVE THE UNSERVED AND THE UNDERSERVED SECTIONS OF INDIA.

Our primary strategies to tap into the underserved market are driven by expanding our 'Phygital' strength and leveraging on banks and fintech partnerships.

GROWING OUR 'PHYGITAL' NETWORK

At IIFL Finance, we focus on expanding our physical reach and enhancing our digital capabilities to unlock future growth opportunities. The overall synergy of a robust physical branch network with sophisticated technology integration is our 'Phygital' strength. An optimal blend of 'Phygital' is critical in India's existing financial value chain.

PARTNERING WITH FINTECH PLAYERS FOR A SECURE AND SMOOTH CUSTOMER EXPERIENCE

IIFL Finance has been ahead of the curve in the financial services domain by providing consumers with the most sophisticated digital platform for their financing needs. We will continue working with fintech companies to provide a seamless borrower experience across the process chain. With the rise in digital adoption among customers and the desire for a simplified online experience, this has become vital to the Company's strategy.

COLLABORATING WITH VARIOUS BANKS FOR CO-LENDING

RBI has enabled banks and NBFCs to work together to provide loans to the underserved populations through Co-lending. IIFL Finance has embarked on this journey, leveraging our extensive reach and bank's low-cost funding, to explore untapped opportunities. Under this arrangement, we have woven partnerships with various banks, and are determined to add prospective names going ahead.

WE ARE UNIQUELY PLACED TO DOMINATE THE NON-BANKING RETAIL LENDING SPACE

Retail Lending

Strong collateral or cash flow backed loans, in segments with robust growth potential

Phygital		Partnership	
Physical	**Digital**	**Banks**	**Fintechs**
Network of 3,200+ branches help origination, collection and physical storage of gold	Innovative digital solutions drive cost optimization, cross sell and superior underwriting	Unique capability to source quality retail & PSL loans for banks make a win-win partnership	Harnessing fintech innovations for customer sourcing and best-in-class experience to customers

Management Depth | Robust Financials | Risk, Compliance & Control | Brand Power | Operational Excellence

94%

LOANS ARE RETAIL IN NATURE

PROPULSION OF BUILDING WEALTH

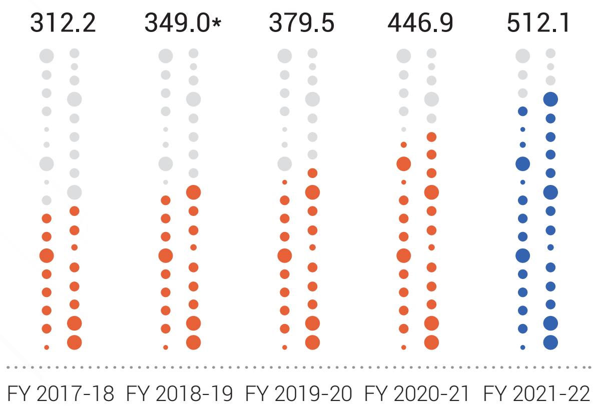
FINANCIAL CAPITAL

At IIFL Finance, financial capital management is a key priority for all our business functions. Our financial capital comprises of equity and debt. We remain substantially capitalized, with a strong balance sheet and healthy asset quality.

As an indicator of a strong diversified retail product offering, with majority of the portfolio inclined towards less risky asset classes, extensive branch network, and adequate capitalization, CRISIL Ratings has maintained rating at AA(Stable) for IIFL Finance Limited.

LOAN ASSET UNDER MANAGEMENT

(₹ In Billion)

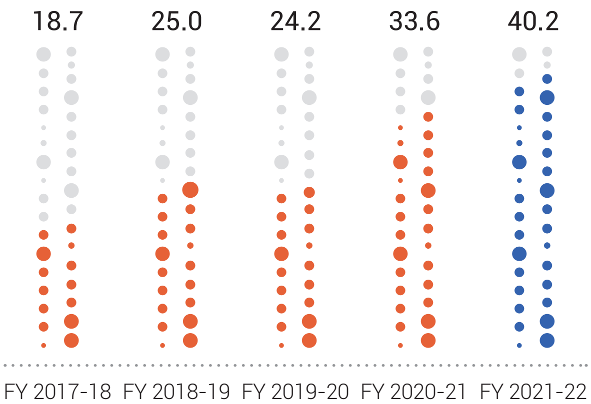


5-Year CAGR: **18%**

*Excluding divested Commercial Vehicle Financing business

INCOME*

(₹ In Billion)

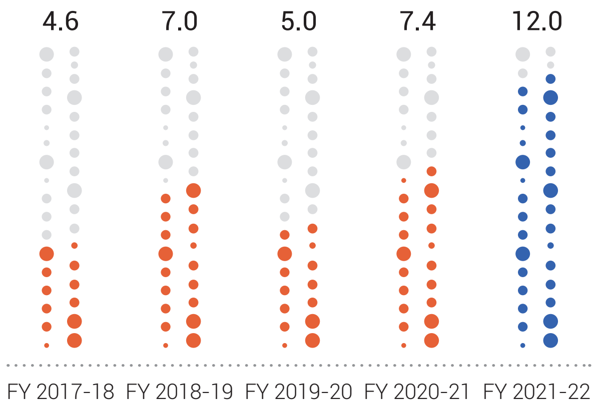


5-Year CAGR: **24%**

*Net of interest expense

NET PROFIT (TCI)^

(₹ In Billion)

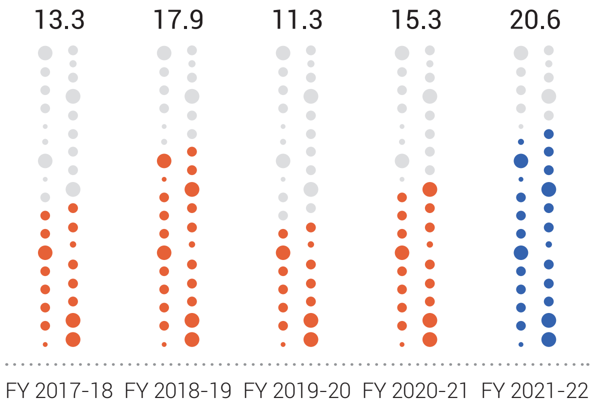


5-Year CAGR: **23%**

^Pre-minority

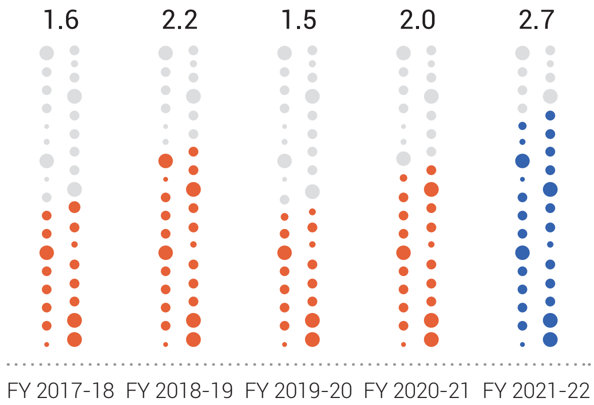
RETURN ON EQUITY

(%)



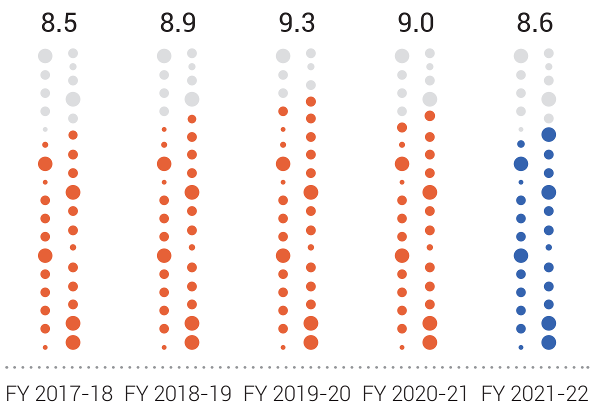
RETURN ON ASSETS

(%)



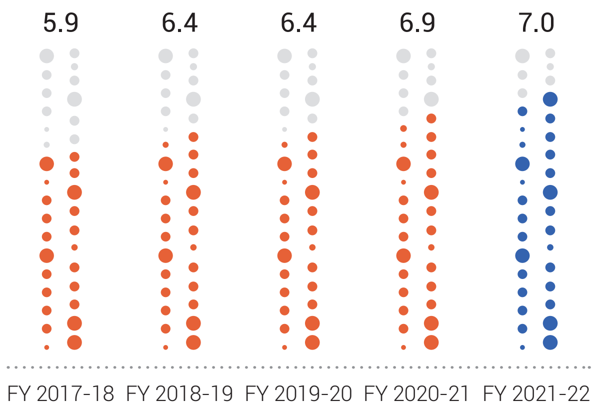
COST OF FUNDS

(%)



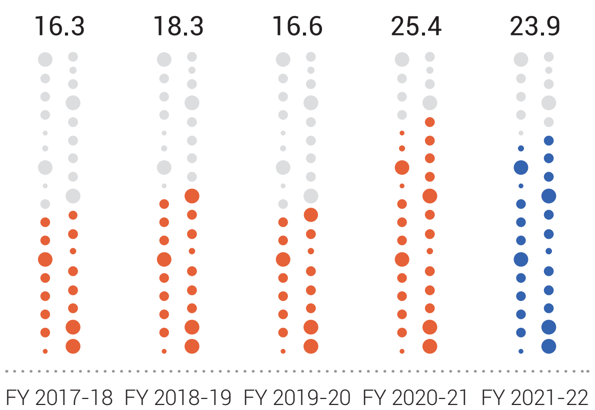
NET INTEREST MARGIN ON BALANCE SHEET ASSETS

(%)



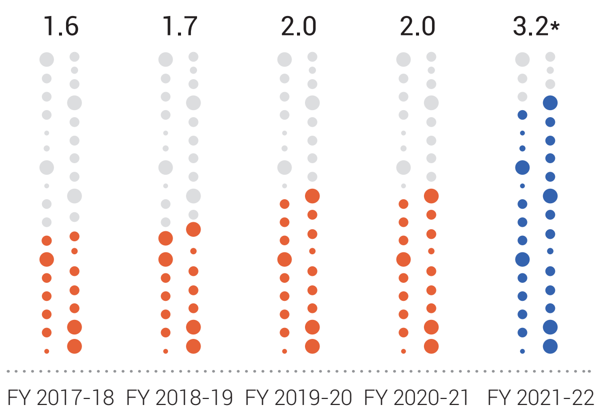
CAPITAL ADEQUACY RATIO

(%)



GROSS NPA

(%)



* Includes additional impact of 0.85%, on account of RBI circular dated November 12, 2021

PROPULSION THROUGH DEEPER REACH

PHYSICAL CAPITAL

We at IIFL Finance believe in customer-centricity. With a focus on small-ticket retail loans, we leverage our extensive pan India branch reach employing our state-of-the-art digital infrastructure to provide a unique customer experience. Our branches help us in maintaining contact with our customers, thus enhancing the IIFL brand promise and its customer loyalty. Our robust 'Phygital' capital provides a seamless experience to our customers.

EXPANDING PHYSICAL REACH

With the advent of technological advancements and extensive adoption of online platforms, digital delivery has taken the lead. However, physical branches continue to be the face of the brand and a hybrid model of physical and digital delivery, one adopted by IIFL, has become imperative for doing business today.

At IIFL Finance, we have successfully expanded our reach to Tier II and Tier III cities. This has enabled us to fill the credit gap to the marginalized sections of society, leveraging the new Bank-NBFC Co-lending model. We continue to focus on expanding our branch network across the country. During the year under review, our physical network grew by 731 branches paving the way for accelerated growth in the future.

2,856
BRANCHES IN TIER II AND TIER III CITIES

731
NEW BRANCHES ADDED

8.5K+
PEOPLE ADDED

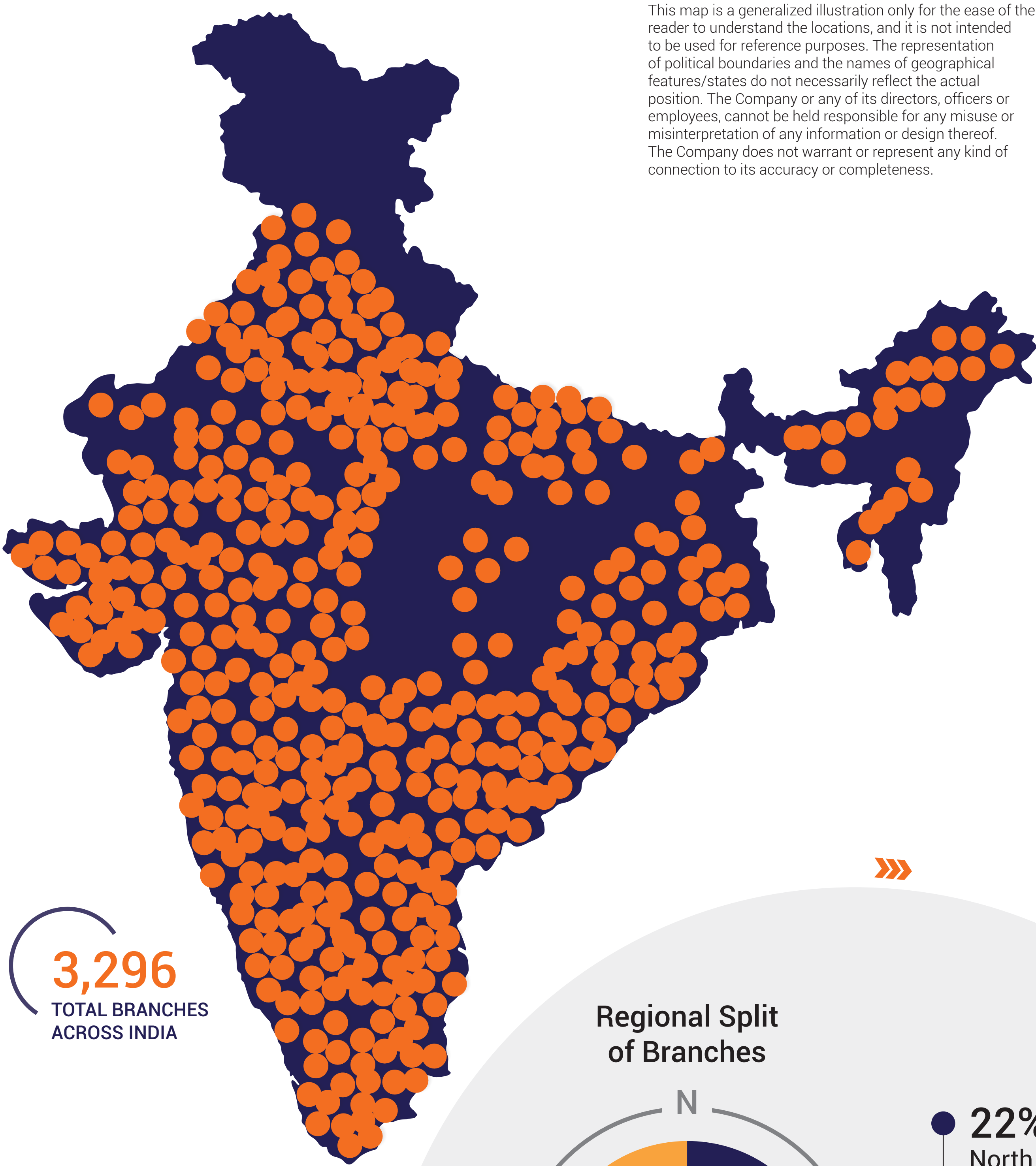
BRANCH SECURITY

Owing to the sensitive nature of our business, we have significantly invested in branch security. Our safety features include:

- Branches with security guards and e-surveillance by specialized security agencies CCTV, IP cameras and sensors at strategic locations
- Artificial intelligence (AI) based monitoring system is also installed in branches
- Trigger-based remote surveillance in a 24x7 control room with access to panic switches and a two-way audio system
- Steel cage panels with vibration sensors at vaults along with OTP-based authentication
- Branch vaults retrofitted with cellular drawers with a dual key mechanism
- Technological innovations like Artificial Intelligence and GPS-based tracking

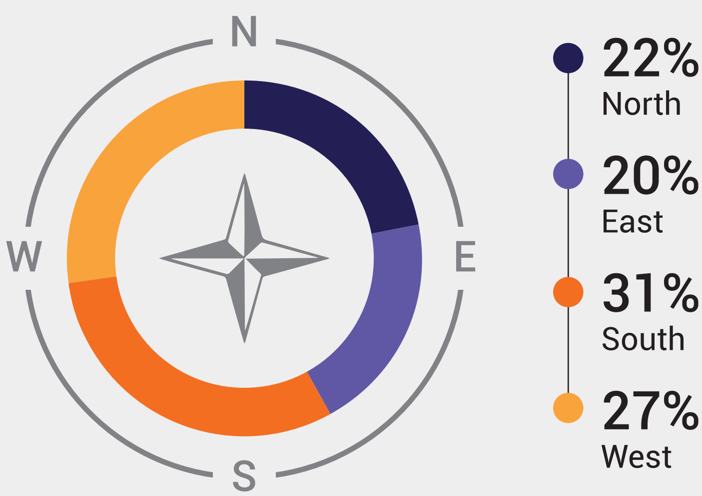
OUR PAN INDIA REACH

This map is a generalized illustration only for the ease of the reader to understand the locations, and it is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/states do not necessarily reflect the actual position. The Company or any of its directors, officers or employees, cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind of connection to its accuracy or completeness.



3,296
TOTAL BRANCHES ACROSS INDIA

Regional Split of Branches



PROPULSION THROUGH EFFECTIVE DIGITIZATION

INTELLECTUAL CAPITAL

Financial services technology is undergoing a significant shift. In a competitive environment of growing cost constraints, wherein swift response is vital, financial institutions have enhanced their technical processes to support digitization across the value chain. Compared to traditional bank lending processes, technology has improved NBFC business models based on process automation and an attempt to lessen dependency on human procedures. This promotes more inclusivity, higher credit quality, cost-effectiveness, and faster response time.

We at IIFL Finance are leveraging our digital platform to suit our customers' ever-changing demands. From customer onboarding, credit underwriting to loan disbursement and collection, we deliver a completely paperless experience through our digital platform. We have also made repayments easy and secure for our clients with our fintech integrations. We have strategic partnerships with Paytm, PhonePe, Google Pay, MobiKwik and BHIM, among other unified payment interfaces.

DIGITAL ENHANCEMENTS ACROSS SEGMENTS

GOLD LOAN

During the year under review, IIFL Finance launched Co-branded Prepaid Cards, an innovative product with ICICI Bank for our Gold loan customers. We tied up with fintech and digital players to get leads and add new customers to our portfolio. Furthermore, we continued providing digital Gold loan with online top-up as well as repayment options for our customers with 24X7 servicing.

HOME LOAN

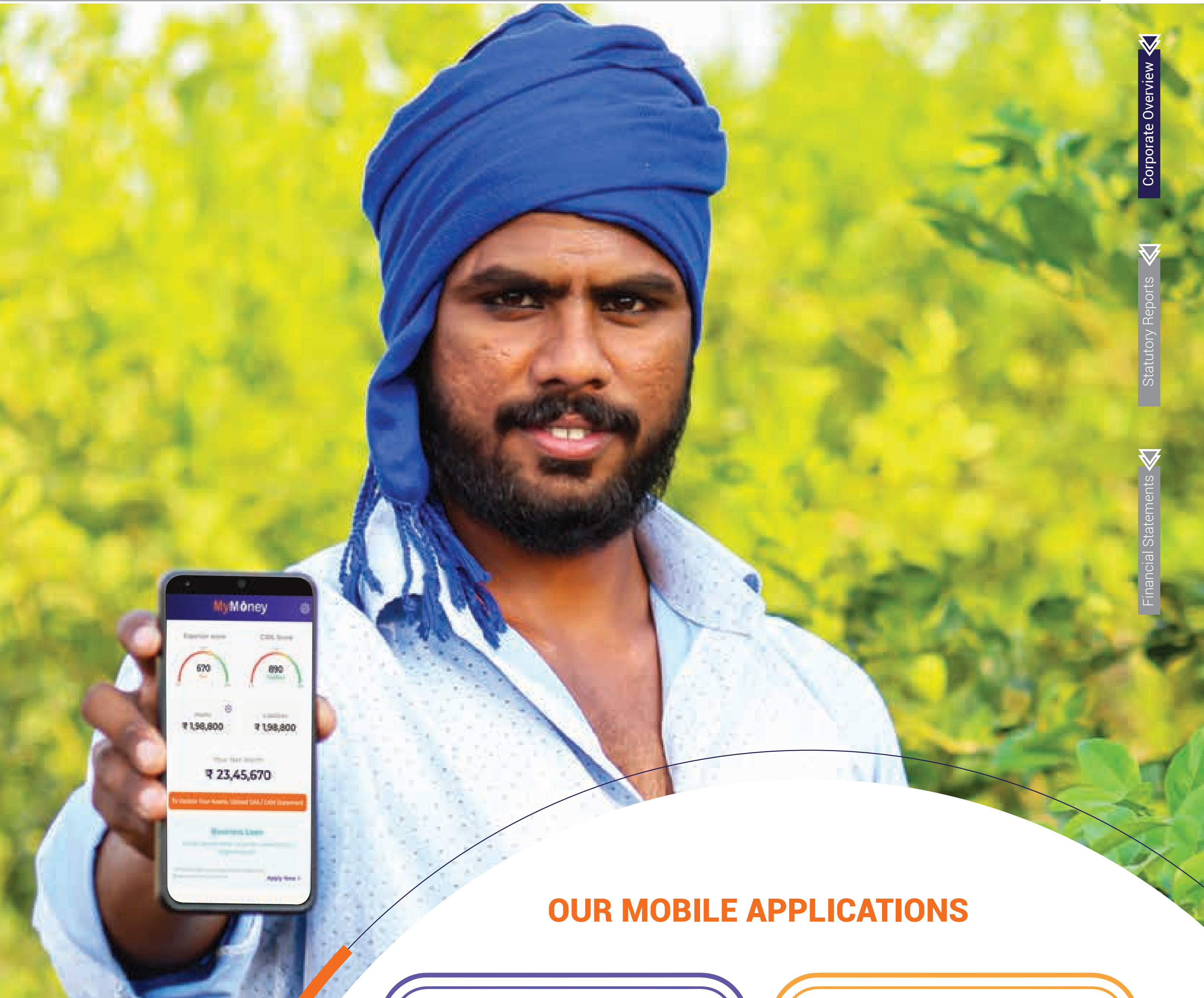
'Jhatpat Home Loan', our PAN India product for instant Home loan disbursement, accounted for nearly 100% of the Home loans disbursed during the year.

BUSINESS LOAN

Our unsecured Business loan is a complete digital offering, while under our secured loans we provide digital top-ups to existing customers. We have also entered into partnerships with leading fintechs with appropriate risk-sharing agreements.

MICROFINANCE LOAN

During the year, our Microfinance loan segment achieved 100% cashless disbursements. We have also established various digital collection methods, including UPI - Fingpay, UPI through our customer application - Sakhi, AEPS, UPI collection using WhatsApp, and BBPS, to minimize the risk of carrying cash in the field. These modes provide real-time, error-free reconciliation and immediate payment confirmation to customers.



OUR MOBILE APPLICATIONS

IIFL LOANS APP

Our customer-facing mobile application helps existing and new clients with servicing and support operations. Its features include easier access to account statements, online top-up/renewal of Gold loans, online application for an instant personal loan, faster EMI payments, and smoother issue resolution.

1.9 lakhs+
AVERAGE MONTHLY USERS

MY MONEY APP

Our in-house app facilitates our users to avail instant and paperless unsecured Business loan and Personal loan. It also helps our customers in simply managing their money. It has a 100% online loan application process and provides loans ranging from ₹ 50,000 to ₹ 1 Million for Business loans and from ₹ 5,000 to ₹ 2 lakhs for Personal loans.

90K
AVERAGE MONTHLY USERS

INSTANT BUSINESS LOAN ON WHATSAPP

IIFL Finance is the first entity in India to launch an instant Business loan on WhatsApp

FEATURES

Onboarding Journey

- Ease of chat was introduced to make the complex loan journey more convenient
- 450 Million+ WhatsApp users throughout India may now utilize a 24x7 lending option to acquire a loan in under 10 minutes
- Account aggregator embedded in the route to reduce bank statement drop-offs

Powered by AI Bot

- A powerful AI-bot matches the users' inputs to the loan offer and streamlines the application process with KYC and mandate creation
- Users can avail a loan of up to ₹ 1 Million with minimal paperwork and clearance in 5 minutes

Data Analytics

- API Integration with fintech vendors
- Machine learning models to assist underwriting
- E-KYC & E-Signature

Fraud Checks

- Fraud checks are integrated within the journey itself
- New age fintech solution which gives fraud score of users is deployed

27K+
CUSTOMERS ONBOARDED TO DATE THROUGH THE DIY CHANNEL

₹ 4.17 Billion
DIGITAL PAPERLESS DISBURSALS (DIY)

BANKING COLLABORATIONS

The Company undertook multiple bank partnerships under the RBI circular on Bank-NBFC Co-lending model.

OUR CO-LENDING PARTNERSHIPS

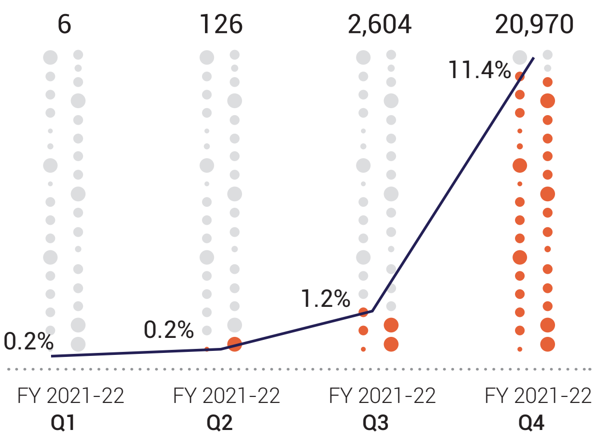
Home loan
- State Bank of India
- Union Bank of India
- Punjab National Bank
- ICICI Bank
- Central Bank of India
- Standard Chartered

Gold loan
- DBS
- Shivalik Small Finance Bank
- CSB Bank
- Union Bank of India
- DCB Bank

MSME LAP
- Punjab National Bank
- ICICI Bank
- Standard Chartered

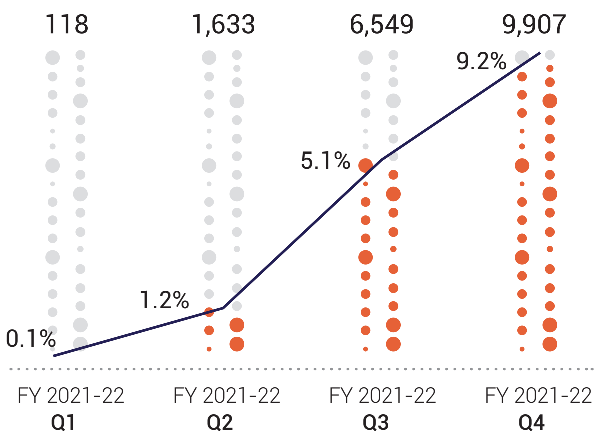
CO-LENDING DISBURSEMENT PICKING UP

GOLD LOANS



Colending disbursement (₹ Million)
Colending AUM as a % of total AUM

HOME LOANS



Colending disbursement (₹ Million)
Colending AUM as a % of total AUM

Co-lending includes Co-origination and Business Correspondence

IIFL FINANCE

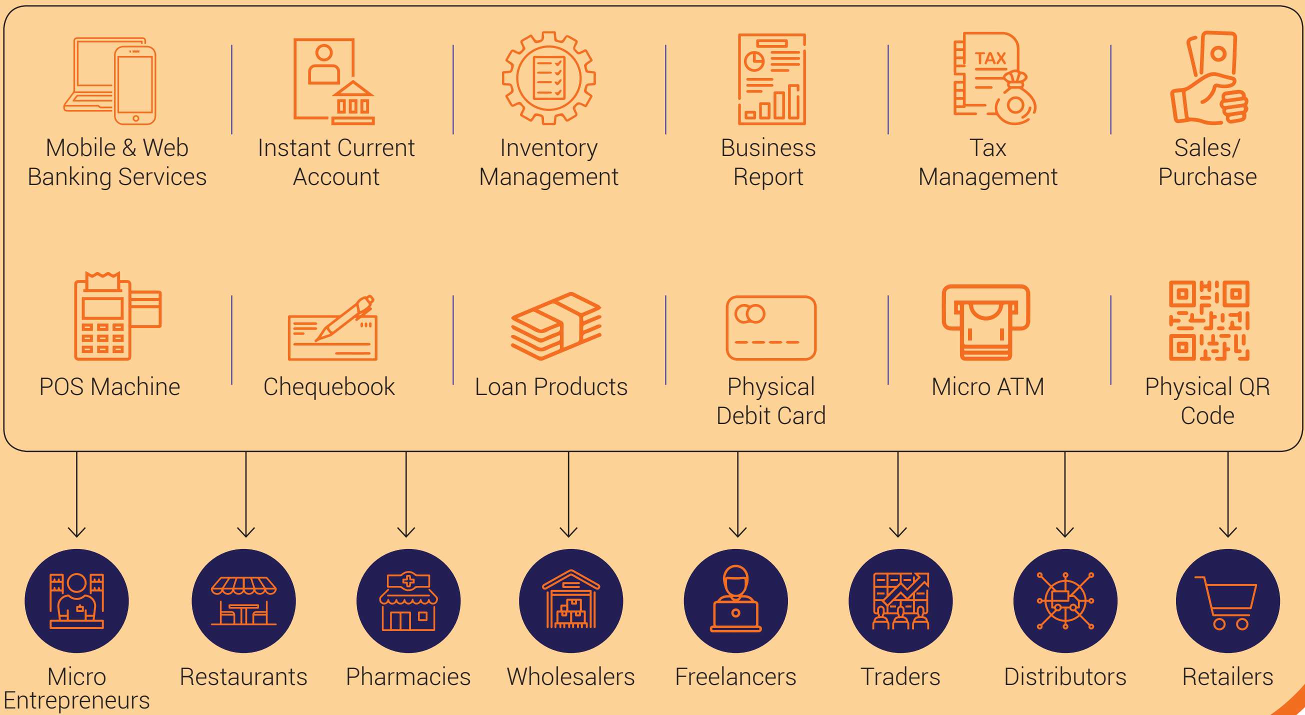
open

IIFL FINANCE AND OPEN FORM A JOINT VENTURE TO LAUNCH INDIA'S FIRST NEOBANK FOR MSMEs

A joint venture aimed at improving the banking and borrowing experiences of millions of Indian MSMEs. IIFL Finance formed a Joint Venture (JV) with SME-focused neo-banking platform Open Financial Technologies to establish India's first Neobank, which would cater to micro and small businesses' banking and credit needs. The joint venture company's initial capital will be ₹ 1.2 Billion, with a 51:49 split between IIFL Finance and Open.

There are over 63 Million MSMEs in India, with 99% being micro firms with quite distinct financial and commercial demands than larger enterprises. IIFL Finance will use Open's consumer neo-banking platform to provide more services to its clients to meet this need. Open has over 2.3 Million small and medium business merchants onboarded on its Open Money platform while IIFL Finance has over 8 Million+ customers and a presence in over 3,000 locations. The joint venture is intended to be a successful fintech in its first year, with expectations of reaching 1 Million customers within a year and generating a US$ 2 Billion lending book in two years.

Product Offerings - Mobile-first Business Banking Tool for Micro and Small Enterprises




IIFL FINANCE

PROPULSION THROUGH KNOWLEDGE
HUMAN CAPITAL

Our employees are central to everything we do. At IIFL Finance, we strive to attract and retain the best talent in order to build a future-ready workforce. The Company has developed a robust recruitment strategy to induct and hire bright and committed personnel. Our vision and fundamental principles drive us to create a culture of high performance and integrity. We try to create an inclusive and lively work atmosphere that inspires individuals to succeed in their performance in order to achieve their goals. Individual goal achievement promotes organizational goal achievement, with the cumulative result frequently exceeding the sum of the individual achievements.

Great Place To Work® Certified FEB 2022 - FEB 2023 INDIA

'Great Place to Work'
AWARDED FOURTH YEAR IN A ROW

29
AVERAGE AGE OF THE WORKFORCE

86%
EMPLOYEES BELOW 35 YEARS

GPTW SCORE - IIFL FINANCE

81
Trust Index Score

78
Fairness at Workplace

82
Credibility of Management

83
Pride

81
Respect for People

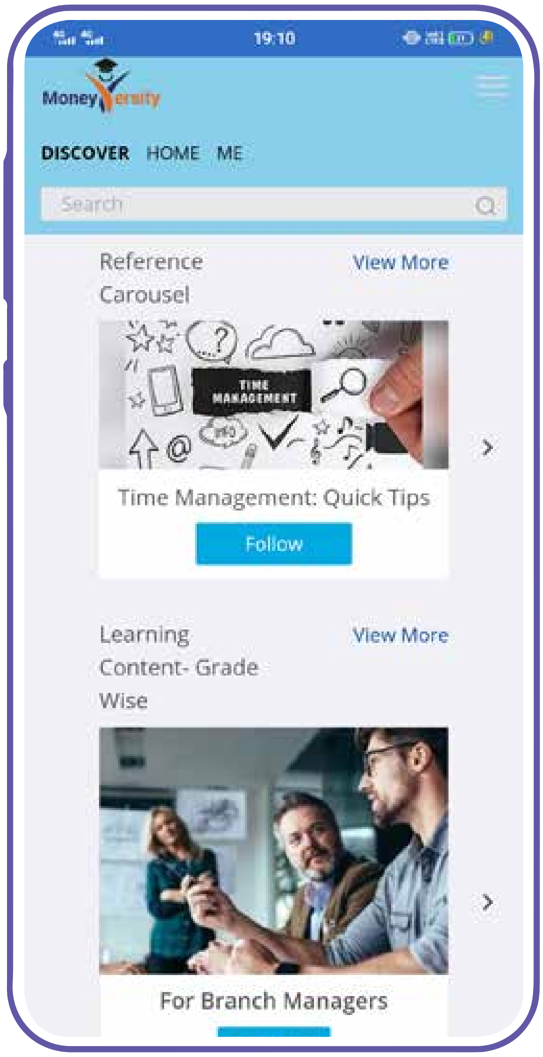
79
Camaraderie between People

TRAINING AND DEVELOPMENT

Continuous learning and development are crucial for the growth and retention of employees. We lay a strong focus on developing our people's competencies and capacities. We examine our employees' training needs and design personalized training modules using our structured learning programs.

MONEYVERSITY

Our Artificial Intelligence-enabled learning experience platform, 'MoneyVersity' is designed to transform the traditional classroom experience into a digital platform. It provides our people with over 20 distinct learning routes (channels) that are continually updated to ensure that users have access to the most up-to-date material. This has helped our employees to nurture their knowledge and skills on the go, anywhere, anytime. In addition to pure technical and functional content, it includes information on health and wellness, leadership insights, motivational videos, personality development, financial literacy, technology, and more.



2.2 lakhs
TRAINING HOURS FOR ALL EMPLOYEES

4.55
AVERAGE HOURS OF TRAINING PER EMPLOYEE

Virtual Instructor-Led Training (VILT)

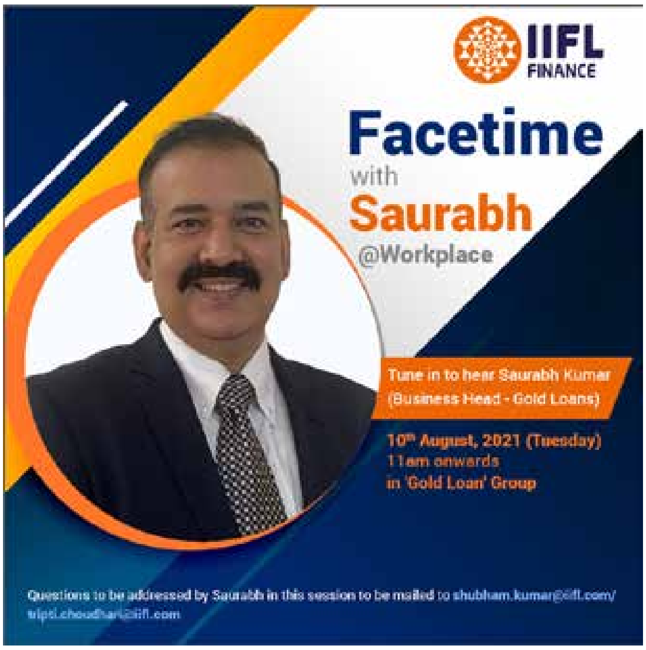
37K
TRAINING HOURS FOR ALL EMPLOYEES

2.45
AVERAGE HOURS OF TRAINING PER EMPLOYEE

Data pertains to FY 2021-22

LEADERSHIP CONNECT

We promote open and transparent communication and interaction between our employees and senior management. Our Managing Director engages in periodic live connect sessions with all employees through Facebook Work. Employees are given a chance to address any complaints or problems in the open forum and discuss organizational goals and future plans. Through initiatives like 'Ask Nirmal', 'Townhalls Workplace', and 'FaceTime with Business Heads', we facilitate communication between our Business Heads and our employees.



EMPLOYEE ENGAGEMENT INITIATIVES

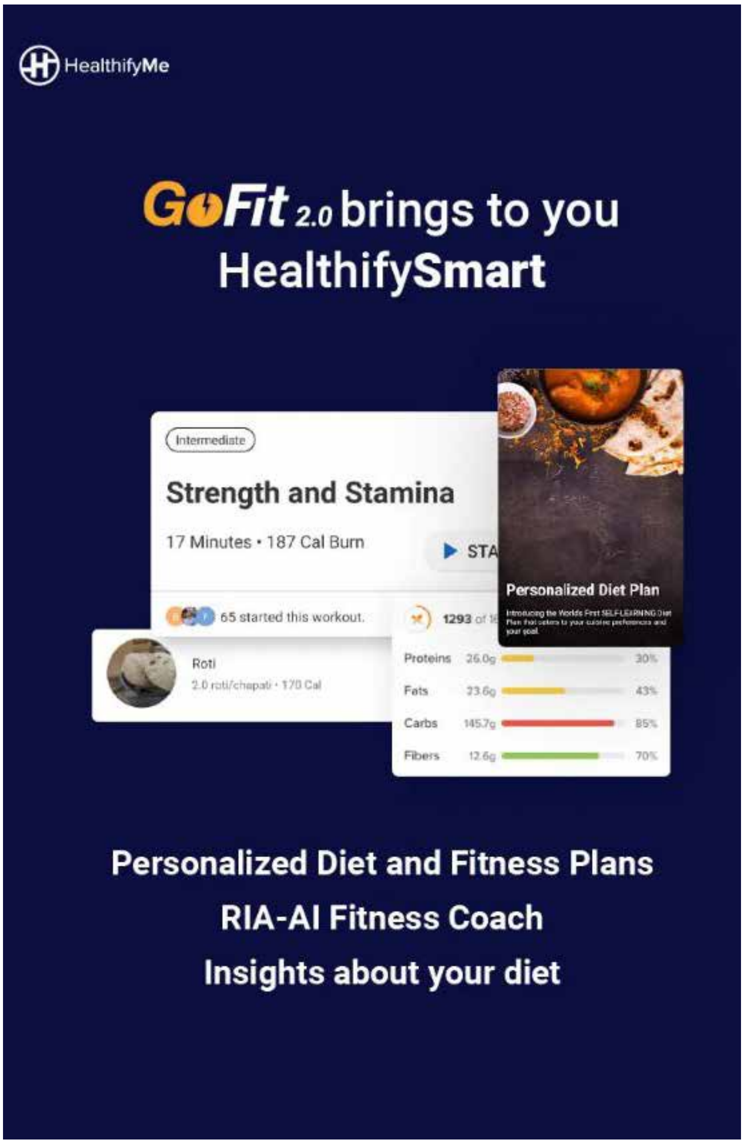
Covid-19 may have limited travel and gatherings, but that did not prevent us from engaging with our people regularly to boost their morale. At IIFL Finance, we continued with our annual employee meets and virtual get-togethers with families. We organized award functions, talent performances while also celebrating various festivals with our employees and their families. During the year, nearly 3,000 workers and their families attended our Reward & Recognition event and Diwali Virtual Get-Together.

EMPLOYEE HEALTH AND WELL-BEING

IIFL Finance is committed to keeping its employees healthy both on and off the job. Healthy and motivated employees lead to higher productivity levels. In collaboration with 'Healthify,' we created 'GoFit,' a health and wellness project, with the goal of being the healthiest and fittest organization. The digital app includes premium elements of the 'Healthify Me' app, such as 'HealthifySmart Plan' and an AI health coach – 'RIA' – to help users find free tailored diet programs. We also provided important mental and emotional wellness assistance and free health consultation services for our employees in collaboration with Dr. Batra. Throughout the year, IIFL hosted a variety of health camps and seminars, including nutrition lessons, yoga sessions, health examinations, and work-life balance programs.

COVID-19 SUPPORT POLICY

The pandemic has had a devastating impact on all our lives. IIFL Finance launched a Covid-19 assistance policy under 'IIFL Cares' to assist our employees through these difficult times. This policy assures continual assistance and ensures families' independence and dignity by covering their health, education, and living expenditures. To further help our employees, we provided paid leaves for self-care and recovery if the employee or an immediate family member tested positive for Covid-19. Further, other financial benefits such as educational support for the family members or one year salary to the nominee in case of an employee succumbing to Covid-19 were provided.

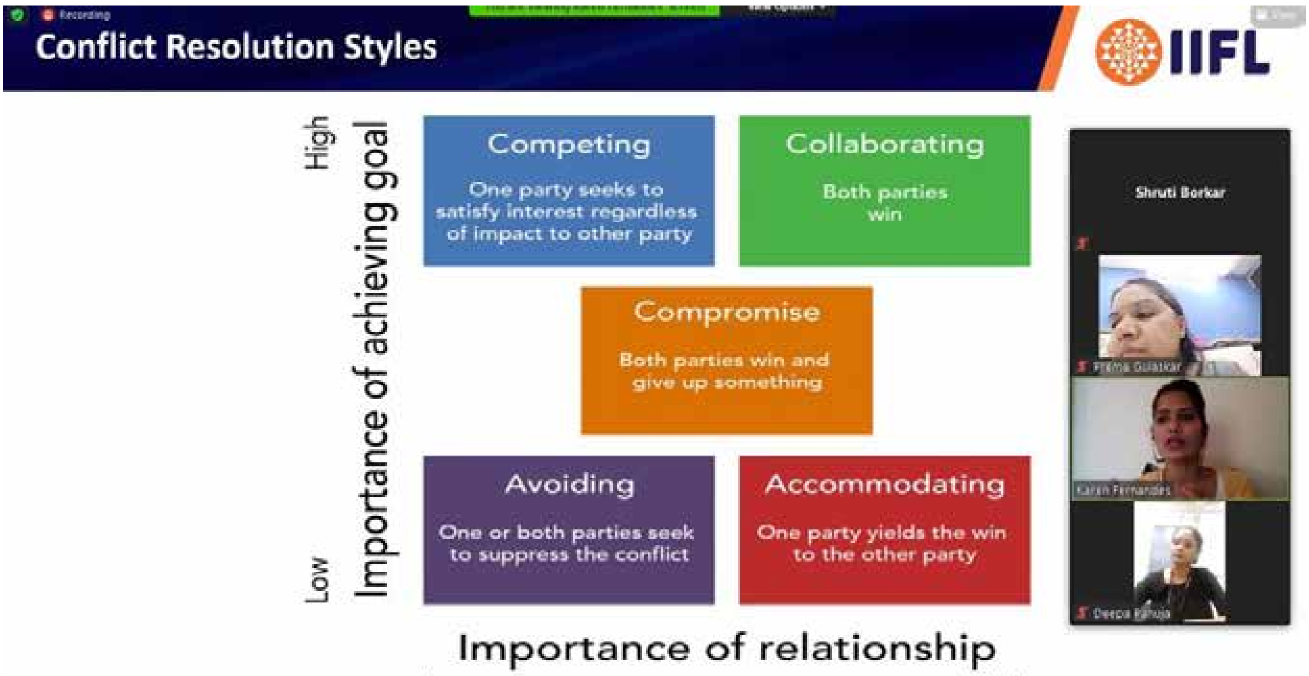


COVID-19 VACCINATION DRIVE

At IIFL Finance, we supported our people through the extensive Covid-19 vaccination drive, offering vaccine shots to our employees free of cost. Dedicated vaccination drives encompassing a wider workforce base were undertaken in major cities. Employees in other places were also urged to get vaccinated in their communities, with the organization providing compensation for vaccine expenses.

WOMEN DEVELOPMENT INITIATIVES

Under the theme #EachforEqual, IIFL Finance organized several activities to promote gender diversity and create opportunities for its female employees to develop their leadership skills. We organized financial planning workshops for our female employees, empowering them with knowledge of women-centric investment tools, healthy money management, asset allocation, tax saving strategies and crisis management. On the occasion of International Women's Day, the Company also organized a virtual women's self-defense workshop to train its employees in self-defense. Various additional efforts, such as the development of women-centric groups, flexible working hours, and safety and wellness programs, were also implemented.



PROPULSION BACKED BY INCLUSION
ENVIRONMENT, SOCIAL AND GOVERNANCE

Economic development, sustainable financing, environmental stewardship, and creating shared value for our stakeholders are the focal areas of our ESG responsibility.

As a financial services organization, we believe we have a critical role to play in promoting economic development that protects the environment while also improving the social and financial well-being of the underserved. We assess our success at IIFL Finance not simply in terms of financial performance, but also in terms of how we create long-term value for all stakeholders and society at large. We feel integrating ESG concerns into our strategy and operations is the most effective approach to achieving this. We have developed our ESG framework and incorporated ESG elements into our operations and lending activities.

SUSTAINABILITY AND ESG GOVERNANCE

We strive to be transparent and clearly state our approach to the environment, customers, workers, communities, and governance in our Environmental, Social, and Governance (ESG) evaluation. The Company's ESG committee includes members from the Board and the senior management. They meet twice a year to examine relevant topics and resolve any effect or divergence from the Company's objectives and principles. Marquee investors like CDC have representation on our ESG committee and guide us with their valuable global experience in driving ESG initiatives.

RESPONSIBLE INCLUSION THROUGH CONSERVATION

NATURAL CAPITAL

In order to achieve sustainable growth, we are devoted to effective resource allocation, natural conservation, and minimal environmental impact. We encourage environmental conservation through optimum resource consumption and encouraging reduction in environmental footprint across our operations. We also promote the construction of green buildings and structures.

KUTUMB: GREEN AFFORDABLE HOUSING

IIFL Home Finance has been a strong advocate for creating green, affordable housing. With our 'Kutumb' Green Building Initiative, we strive to reduce our natural resource footprint and carbon emissions by encouraging measures that enable these reductions and alleviate climate change impacts while keeping housing affordable for the people. We have done this in partnership with housing developers and specialists.

IIFL Home Finance has secured a US$ 68 Million loan with the Asian Development Bank (ADB) to empower lower-income groups in India to get access to affordable green housing. Of the total loans, 80% would be used to finance loans for women borrowers and rest would go towards financing Green Certified Housing.

Pillars of 'Kutumb'

- Increase public awareness regarding the need of green housing
- Educate stakeholders by demystifying green building principles and encourage the usage of environmentally friendly products as well as the adoption of relevant technologies
- Ensure monitoring and implementation of green building projects

OUR ENVIRONMENTAL IMPACT

33
CERTIFIED GREEN PROJECTS AS ON MARCH 31, 2022

17,506
UNITS UNDER MANAGEMENT DURING FY 2021-22

6,90,087 KL p.a.
WATER SAVINGS

11,948 MWH p.a.
ENERGY SAVINGS

10,992 Tonnes p.a.
EMISSION SAVINGS

PURPOSE

Platform for Green Affordable Ho**U**sing and Finance, Through **R**esearch, **P**olicy, and Techn**O**logy, for a **S**ustainable **E**co-System or PURPOSE is a thought leadership initiative to create and enable an ecosystem in India for green affordable housing. Its advisory board, which includes specialists from many fields such as building design, sustainability, construction, and finance, strive to influence green affordable housing policy at all levels of implementation.

Under this program, a guidebook called 'Building Green, IIFL Home loan's Guide to Sustainable Affordable Housing' was released in 2020-21. It is a handbook that provides developers, architects, construction engineers, and homeowners with design and construction instructions for Green Affordable Housing.

Scan the QR code to download our Green Building Handbook

GREEN VALUE PARTNER (GVP)

IIFL Home Finance has formed an in-house technical team, dubbed 'Green Value Partner (GVP),' to help developers with green construction approaches and certification procedures throughout the project life cycle. This initiative is mainly aimed to promote a continuous supply of green buildings in India by supporting the developers through certification, documentation and auditing of green building design and construction.

At IIFL Finance, we have embarked on a journey to increase our operations' sustainability while benefiting all our stakeholders. As a result, we introduced our first Sustainability Report in FY 2020-21.

Scan the QR Code to download our Sustainability Report FY 2020-21

OTHER ENVIRONMENTAL INITIATIVES

Reduction in Paper Consumption

By digitizing and automating processes for loan application in the FY 2020-21, IIFL Finance was able to reduce paper consumption by 3.9 Tonnes – an equivalent of 0.78 Million sheets of paper.

Energy Saving

By shifting to efficient energy lighting, we aim to reduce our energy consumption. We have successfully replaced incandescent lights with light-emitting diode (LED) panels across 15 branches.

Recycling Water

By recycling excess water from the RO water purifier, it can be used in toilets and urinals. We recycled 16.3 KL of water in FY 2020-21. We have also installed water sensors that control water use in washrooms.

Waste Management

By giving e-waste and paper to authorized vendors for recycling, we are promoting recycling. We have a waste management initiative in place that measures our waste generation and guides appropriate waste disposal methods.

PROPULSION THROUGH COLLABORATED EFFORTS

SOCIAL AND RELATIONSHIP CAPITAL

OUR SOCIAL IMPACT

In India, NBFCs have stayed at the forefront of financial inclusion, particularly in semi-urban and rural regions. Since the Company's inception, IIFL Finance has worked to increase financial inclusion in its major markets – empowering clients to realize their aspirations.

STRENGTHENING OUR COMMUNITIES THROUGH OUR CORE PRODUCTS

GOLD LOAN

IIFL Finance provides financing against gold jewellery to low-income groups and underserved applicants at attractive interest rates, with minimal documentation and a quick response time. We have established Gold Loan at Home service, where our executives appraise gold in the comfort of clients' homes to enhance the convenience of borrowers. Post appraisal, loans are disbursed directly into their bank accounts. The Company also offers digital top-up and renewal services to its consumers.

64%
GOLD LOANS LESS THAN ₹ 50,000 IN VALUE

60%
LOANS GIVEN TO SMALL BUSINESSES

83%
GOLD LOAN BRANCHES LOCATED IN TIER II AND TIER III CITIES

(Above numbers are for FY 2021-22)

HOME LOAN

IIFL Finance, along with IIFL Home Finance, supports the Government's affordable housing initiatives, such as 'Housing for All' and PMAY, by offering personalized, low-ticket sized loans to first-time home buyers with informal documentation. Our focus is on providing attractive Home loans to consumers in Tier II, and Tier III cities and empowering women under the Government's CLSS scheme.

151K+
LOANS TO FIRST TIME HOME BUYERS

₹ 13 Billion+
SUBSIDIES PROVIDED UNDER CLSS

55.7K+
FAMILIES BENEFITED

61%
LOANS TO FEMALE OWNERS/CO-OWNERS

BUSINESS LOANS

MSMEs are the country's economic engines, contributing a considerable amount of GDP and creating jobs. However, they find it difficult to avail credit due to the unavailability of collateral, credit history, and documentation. IIFL Finance strives to promote and uplift these MSMEs by bringing them into the organized space and supporting them with working capital and business growth loans.

47%
FIRST TIME BORROWERS UNDER UNSECURED LOANS

72%
UNSECURED LOANS LESS THAN ₹ 1 MILLION

(Above numbers are for FY 2021-22)

MICROFINANCE

Microfinance is crucial in promoting financial inclusion by giving customers simple access to formal credit, particularly in semi-urban and rural areas. Women empowerment, microfinance, and rural development are all interlinked with each other. Through our subsidiary IIFL Samasta Finance, we provide small-ticket Microfinance loans to self-employed women, through organized Joint Liability Groups (JLGs). Thus helping the underserved communities advance towards a better tomorrow.

1.75 Million+
CUSTOMERS

9.3K+
DAIRY FARMERS SUPPORTED THROUGH 9 CATTLE HEALTH CENTERS IN 4 STATES

CUSTOMER TESTIMONIALS

TANAJI WADEKAR

Tanaji, who worked as a Pandit (a Priest), struggled to secure a Home loan. He applied to several banks but was turned down owing to a lack of income proof. One day he received a call from an IIFL Home loan representative regarding a new branch opening. Being curious he initiated talks enquiring about Home loan. The representative promptly came to his residence and discussed the process as well as the benefits of PMAY (U). He was able to obtain a house loan through IIFL Home loan and is now the happy owner of his home.

Location: Thane | **Occupation:** Pandit | **Loan Amount:** ₹ 6,57,000 | **Subsidy Amount:** ₹ 2,26, 564 | Home loan

SUSHIL SINGH

Sushil Singh from Delhi, who belonged to an underprivileged household, never imagined that he would be able to own a home for his family. He always wanted to own a home. It was only after he learnt about PMAY (U) through an advertisement that he started looking out for details of the scheme. He approached several home finance companies to learn more about this Government scheme. Sushil finally secured his home through IIFL Home loans. The Company's Home loans executive assisted Sushil with the Home loan criteria, as well as advised and supported him to seek Credit Linked Subsidy Scheme (CLSS) under PMAY (U).

Location: Delhi | **Occupation:** Cab Driver | **Loan Amount:** ₹ 27,31,314 | **Subsidy Amount:** ₹ 2,35,068 | Home loan

KUMARI SAHOO

Kumari Sahoo, a resident of Sandhapur village in Khurdha District, joined IIFL Samasta in 2018. She took up a ₹ 30,000 Income Generation Loan (IGL), used the full amount to buy groceries, and opened a new grocery business in the Sandhapur market. She also took out a ₹ 40,000 second-cycle loan to acquire more inventory for her store and started making a consistent income to support her family. Due to the pandemic and subsequent shutdown, her store was forced to close, and she was unable to pay her EMI on time. Currently, she has decent earnings to meet her daily basic necessities and other expenses. She is thankful to IIFL Samasta for providing her with a three-month EMI moratorium and a loan in the time of need.

Location: Khurda District, Sandhapur Village | **Amount Availed:** ₹ 1,20,000 | Microfinance loan

SUBODH KAMBLE

I am really thankful to IIFL, the branch, the staff, and the managers for their cooperation and for making the process simple. In the future, I will recommend IIFL Gold loan to all my relatives and friends so that whenever they need funds, they can get in touch with IIFL instead of going to places where they will have to pay higher interest rates. IIFL offers a lower interest rate, the maximum value for your gold with no hidden or penalty charges. I trust IIFL completely.

Location: Thane, Maharashtra | Gold loan

SUSHILAMMA

Sushilamma of Oorukere, Tumakuru District, Karnataka, wished to boost her husband's earnings because the family's income was insufficient. She decided to create a small provisional store and took out a loan of ₹ 25,000 from IIFL Samasta. With the help of her husband and children, she started making an average of ₹ 5,000-6,000 per month. In over four years of good relationship with IIFL Samasta and her on-time and regular repayment habit, Sushilamma has been able to avail the further loan benefit with higher ticket size of ₹ 60,000. She also availed a top-up loan of ₹ 25,000 with which she was not only able to increase her business volume but has doubled her income. Sushilamma is confident in her ability to grow her business and provides a secure future for herself and her family thanks to Samasta's continued support and service. Sushilamma adds that IIFL Samasta is important in assisting small but ambitious women businesses, and one of her favourite aspects of Samasta is the honesty with which its business is conducted.

Location: Tumakuru District, Karnataka | **Amount Availed:** ₹ 1,10,000 | Microfinance loan

VINOD SINGH

In exactly one day, the loan was deposited into my account. With the aid and cooperation of the IIFL Finance team, I was able to finish the application process in under 10 minutes. The procedure is really straightforward and seamless, and I have already recommended it to every member of my family.

Business loan: MyMoney App

CHAITANYA VELYE

IIFL Finance's MyMoney App helped me during my medical emergency. The procedure is so straightforward that it only took about 15 minutes to finish. The KYC procedure is simple and can be completed quickly provided you have the necessary documents. Thank you very much for providing such prompt service. Highly recommended.

Business loan: MyMoney App

ABHIJIT BORADE

I needed a quick loan and required financial assistance. I applied for a loan with IIFL Finance over WhatsApp. Each time I got stuck, the IIFL team was there to help. The money was sent to my account without any hassle. For its prompt service, I suggest IIFL WhatsApp Loan to all of my friends.

Business loan: WhatsApp loan

INCLUSION THROUGH SUPPORTING COMMUNITIES

Our strategy for community development has always been defined by the needs of local communities and national priorities.

IIFL Finance has a long legacy of supporting the communities around its operations. We contribute to the development of sustainable communities by interacting with them on problems that are important to them. Our CSR Policy, guides our efforts and assists us in defining and implementing community development and welfare activities. We support community development through IIFL Foundation, our CSR arm. Our continued focus is on achieving our goals in the areas of Health, Education, Livelihood and Poverty Alleviation. We have also adopted strategies to deliver programs virtually wherever possible. IIFL Foundation undertakes community initiatives under mission 'HELP'.

H	E	L	P
Health	Education	Livelihood	Poverty Alleviation

HEALTH INITIATIVES

IIFL Finance's healthcare initiatives aim to improve healthcare access, particularly for the disadvantaged and underserved, by promoting preventive healthcare, launching healthcare projects, and supporting medical research organizations.

- IIFL Foundation donated oxygen concentrators in Maharashtra and Rajasthan to Primary Health Care Centers (PHCs) and Government Hospitals
- Redeveloped Government hospital in Udaipur, Rajasthan, with new medical equipment and renovated operating rooms, intensive care units, outpatient departments, cabins for senior and resident doctors, and waiting space for patients' families
- Donated a servo ventilator machine to support the underprivileged sections of society in fighting the pandemic
- Donated medical equipment to a PHC in rural Khamnor, Rajasthan, for the establishment of an Ophthalmic Ward that would benefit people living in rural hamlets within a 30-kilometre radius of the PHC
- Donated ambulances in rural Rajasthan and Tamil Nadu to offer free of cost service to marginalized population dwelling in rural settlements

MISSION CONQUER COVID-19

Last Mile Vaccination: Covid-19 Vaccine Delivery by Drone

IIFL Foundation collaborated with the Central and State Governments to launch Maharashtra's first Covid-19 vaccination distribution through drones to reach remote terrains in Palghar District's Jawhar Taluka. This initiative played an essential role in reaching out to people residing in faraway and inaccessible areas, where road access was difficult and time-consuming, resulting in the wastage of perishable vaccines and other health supplies. As a result of this initiative, the delivery, which would have usually taken more than an hour, was accomplished in little over nine minutes during the initial run.

Covid-19 Vaccination Drive for Differently Abled

As part of our Mission Conquer Covid-19, IIFL Foundation launched a vaccination drive in Mumbai called 'Kindness on Wheels'. This project sought to vaccinate people with special needs who did not have the means or assistance to visit a vaccination center.

EDUCATIONAL INITIATIVES

IIFL Finance promotes education in rural regions through its CSR activities. We work towards enhancing girls' literacy by offering education to out-of-school girls, establishing and upgrading educational facilities, and supporting higher education institutions.

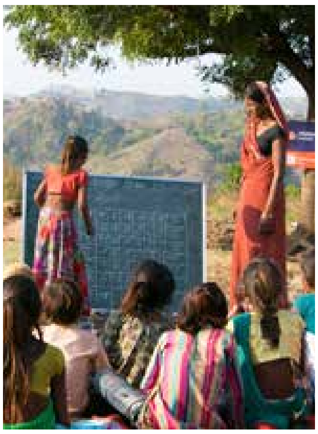
'SAKHIYON KI BAADI'

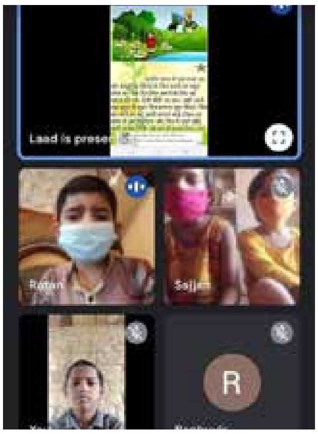
'Sakhiyon ki Baadi' is a community-based non-formal learning initiative in Rajasthan with the goal of eliminating female illiteracy. IIFL Finance has established learning centers with contemporary technology-enabled teaching for children aged 4 to 14. These centers are in locations dominated by native scheduled tribe populations, where girls frequently drop out or never attend school. We also helped women gain access to education by educating them to become 'Dakshas,' who take on the role of teaching young girls. To support the development of their technical and intellectual skills, we use the play-way approach of learning.

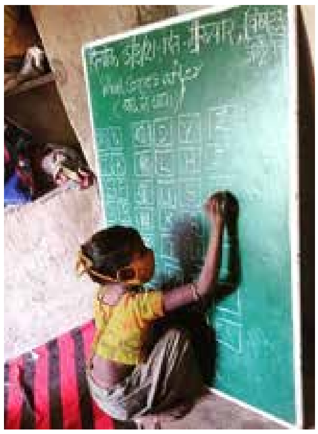
13
DISTRICTS COVERED

32,264
GIRLS ENROLLED TO DATE

3,495
BOYS ENROLLED TO DATE







MAA BARI: LEARNING CENTER

The project 'Maa Bari' aims to provide formal education to children from indigenous tribal communities. These kids live in Rajasthan's most rural areas, with no access to Government schools. IIFL Foundation collaborated with Tribal Area Development (TAD) Department to rehabilitate these 'Maa Bari' centers, provide necessary infrastructure, sanitation, and eliminate illiteracy. In 30 'Maa Bari' centers, we have installed digital learning tools, established libraries, and developed play areas. Regular training of teachers by subject matter experts is also a key focus of this initiative. We have also installed solar panels to facilitate access to electricity, solar-powered water pumps, ceiling fans, and repairing toilet facilities. In addition, we have also upgraded the ambience by constructing a play area, setting up a library, and painted walls to create a welcoming and warm environment for learning.

EDUCATION FOR THE UNDERPRIVILEGED

Since 2018, the IIFL Foundation has supported children's education belonging to the underprivileged population dwelling in a slum settlement in Kandivali, Mumbai. Almost 90% of parents in this region work in low-wage jobs and struggle to fulfil the financial obligations of providing a good education for their children. Through IIFL Foundation, we provide these children with education without charging any fees.

353
CHILDREN BENEFITED

6
STAFF SUPPORTED

'CHAURAS'

IIFL Foundation's initiative, 'Chauras', focuses on bridging the gap between migrant workers' children and literacy. It aims at delivering fundamental and functional education, covering themes such as sanitation, cleanliness, personal hygiene, and health, as well as the enrollment and continuing education for children. Through a group of learning centers and crèche, 'Chauras' provides children with a safe and educational environment. These centers are currently operational in Greater Noida, Uttar Pradesh, with a plan to open more such centers in future.

'RATHSHAALA'

IIFL Foundation started 'Rathshaala,' a mobile school initiative, to meet the needs of the Rabari community. Children of this community migrate with their families and livestock for more than eight months of the year, missing out on the opportunity to continue their education. Under this initiative, the school's learning facilitator is chosen from within the tribe and trained by our professionals every quarter. According to the Rajasthan Government's curriculum, the children are taught basic and intermediate reading, writing, and speaking abilities, as well as arithmetic.

ANDROID-BASED TABS FOR LEARNING

The pandemic shifted classroom-based learning to online platforms. However, children from rural areas lack access to digital equipment. IIFL Foundation extended support to students at Government schools by providing them with an Android-based tablet for continuing learning online. Students can use these Android tablets to attend online sessions conducted by their schools. In addition, the device also enables them the access the Diksha learning app developed by NCERT, Ministry of Education, granting access to videos, notes and online tests based on their curriculum.

200

TABLETS DISTRIBUTED AMONG 5 GOVERNMENT SCHOOLS IN THE FIRST PHASE

IIFL SCHOLARSHIPS

Under this initiative, IIFL Foundation supports the education of meritorious girl students in grades 8 through 12 from underprivileged backgrounds through IIFL Scholarships. An online portal has been developed to facilitate the application process. We provide scholarships to students with a family income of less than ₹ 4,00,000 per year. Those in the 9th and 10th grades receive a ₹ 3,500 scholarship, while students in the 11th and 12th grades receive a ₹ 5,000 scholarship. We also grant financial support to Ashoka University for students pursuing higher education and Ph.D. programs.

LIVELIHOOD INITIATIVES

IIFL Finance, through its initiatives, supports livelihood development by promoting animal husbandry, women employment, and local art & craft.

DAAN UTSAV

The Covid-19 pandemic had a catastrophic effect on artisans, craftsmen, and small-scale producers. The Government offered them just rudimentary assistance. IIFL Foundation developed daanutsav.iifl.com – an online platform to link non-profit organizations, self-help groups, and community-based groups with customers around the country to support these disadvantaged people. The participants were provided 'free' access to the platform's services.

ANIMAL HUSBANDRY

The IIFL Foundation supports low-income farmers in diversifying their revenue streams by encouraging them to enter the dairy production sector. Our cattle breed enhancement center offers door-to-door services to enable cattle owners to keep their herd and add dairy production as a secondary source of income.

POVERTY ALLEVIATION

CFX CERTIFICATION

In collaboration with the FinX (ID Finxperts Skilling Foundation), a short-term professional certification course - Chartered Financial Expert (CFX) was provided to female applicants to prepare for a successful career in the Banking, Financial Services, and Insurance industry. It is a thorough certification course that provides a complete picture of the BFSI sector — Savings, Protection, Investment, and Lending. This certification is supported by leading industry educational institutions like the National Institute of Securities Markets (NISM), L. N. Welingkar Institute of Management Development and Research (WeSchool) and Center for Investment Education & Learning (CIEL). Post successful completion of the course, the Company also offered placement assistance with BFSI corporates.

53
WOMEN BENEFITED

BICYCLE DISTRIBUTION

Girls are the support system of rural families in India. They often fall short of quality study time owing to their responsibilities and long walking distances to reach their schools. In order to ease their struggle, IIFL Foundation donated 100 bicycles to girl students of a Government School in Palghar district of Maharashtra.

100
BICYCLES DISTRIBUTED

GULABI GAON

In a village in Maharashtra, we developed a Business Hub (Bazar Haat) and a Community Hall for local businesses to support villagers' livelihoods. We offered regional women with skill development training in food processing as well as the production and sale of herbal products, with a strong emphasis on encouraging female entrepreneurs to start small business ventures. In addition, we also provided computer instruction and raised awareness of women's social rights in the communities.

OTHER INITIATIVES

TREE PLANTATION DRIVE

IIFL Finance organized a tree-planting drive in Mumbai as part of its employee engagement activities to raise awareness of the hazards posed by climate change and encourage people to act. For this initiative, the IIFL Foundation collaborated with the Brihanmumbai Municipal Corporation (BMC) and received well-coordinated assistance from the BMC team.

IMPACT DAY – VOLUNTEERING

Employees from various verticals of the IIFL Group interacted with girl students from 'Sakhiyon ki Baadi', through Google meet. During the IMPACT Day Celebration 2022, our employees volunteered for skill and art sessions with these children.

CSR Awards – IIFL Foundation

- Bestowed with the 'Most Innovative Solution for Covid-19' for vaccine delivery by drone initiative at World CSR Congress 2022
- Recognized as India's Greatest CSR Brand at ASIA One Awards
- Honored Ms. Madhu Jain as she received the Blackswan Award for Women Empowerment at ASIA One Awards
- Awarded for the Best Sustainability Education Program at Global Sustainability Leadership Awards
- Presented with the Sustainable Carbon Management Award at Global Sustainability Leadership Award
- Conferred as 'Champion of Change' by ET Now for bringing over 36,000 out-of-school girl children into the education fold
- Recognized at the 'Social Entrepreneur of the Year' at Asian Leadership Awards 2021
- Secured third position in the 'Last Mile Champions for Girls Right' at PLAN International 2021, recognizing Ms. Geeta Suthar's, a teacher from 'Sakhiyon ki Baadi' efforts

INCLUSION THROUGH RIGHT POLICIES AND PRACTICES

GOVERNANCE

IIFL Finance adheres to the highest levels of ethics, integrity and corporate governance. We trust that implementing and adhering to strong governance standards will benefit our stakeholders in the long run and bring us a step closer to achieving our goals. Our governance ideology is guided by the tenets of Fairness, Integrity, and Transparency

1. Mr. Ramakrishnan Subramanian | 2. Mr. Vijay Kumar Chopra | 3. Mr. Vibhore Sharma | 4. Mr. Nilesh Vikamsey | 5. Mr. R Venkataraman | 6. Mr. Nirmal Jain | 7. Mr. Arun Kumar Purwar | 8. Ms. Geeta Mathur | 9. Mr. Chandran Ratnaswami

BOARD PROFILE

The composition of the Board of Directors and its Committees are in accordance with the Companies Act, 2013 and SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015 and RBI Master Directions. The Board of Directors had nine members as of March 31, 2022, including a woman Director. The Chairman of the Board is an Independent Director. The Executive, Non-Executive and Independent Directors make up the bulk of the Board. They bring a wide range of knowledge, experience, talents, and backgrounds to the Board.

6 of 9
INDEPENDENT DIRECTORS

2
EXECUTIVE DIRECTORS

7
NON-EXECUTIVE DIRECTORS

RESPONSIBILITIES OF THE BOARD

The Board is responsible for establishing the Company's vision, purpose, and values and setting and periodically assessing the Company's goals and policies. The Board oversees our strategies holistically and plays a critical role in managing our activities while fulfilling the ambitions and expectations of our stakeholders. The Board's responsibilities include delegating to management, deciding on monitoring criteria, and ensuring that internal controls are effective. It assures legal framework compliance, financial accounting and reporting system integrity, and accurate and timely shareholder disclosures. The Board oversees IIFL Finance's governance practises, which the committees examine on a regular basis.

EFFECTIVE POLICIES

Corporate policies are essential for any business. Our policies and procedures serve as a road map for day-to-day operations, guiding our employees and other stakeholders in maintaining our commitment to ethics, transparency, and sustainability. The Company recognizes the inherent dangers of corruption, bribery, and money laundering as a financial services organization. We take a zero-tolerance stance against such financial crimes and are dedicated to conducting business responsibly in accordance with all current laws and regulations. In this stance, we have effectively outlined our Anti-corruption Policy, Whistle Blower Policy, Vigilance Policy and others. We also have in place an ESG policy as our unwavering commitment to sustainable business growth and environmental impact.

BOARD COMMITTEES

The Board has delegated responsibility to numerous Board committees to deal with governance concerns and report back to the Board. Each committee functions under its own terms of reference, with tasks and responsibilities, composition, and authority scope all explicitly defined. The Board frequently reviews the structure and functions of committees. It ensures that strategic and governance issues get the attention they merit. Currently, the Board has seven committees:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship Committee
- Corporate Social Responsibility (CSR) Committee
- Risk Management Committee
- Asset Liability and Management Committee (ALCO)
- IT Strategy Committee

PROPULSION THROUGH RIGHT SUPERVISION

BOARD OF DIRECTORS

MR. ARUN KUMAR PURWAR (Chairman & Independent Director) C M M M M

Mr. Arun Kumar Purwar works as Chairman of Eroute Technologies Private Limited, a fintech Co. He also works as an Independent Director in Companies across diverse sectors like power, telecom, steel, engineering consultancy, pharma and financial services. He also acts as an advisor to Mizuho Securities, Japan. He was Chairman of the State Bank of India ("SBI") from 2002 to 2006 and Chairman of the Indian Bank Association during 2005 to 2006. He has previously held positions such as Managing Director of State Bank of Patiala and has been associated in the setting up of SBI Life. Post his retirement from SBI, he was associated with a leading industry house in setting up the first healthcare focused private equity fund as well as a non-banking finance company focused on funding real estate projects as well as educational institutions. He has won a number of awards including the CEO of the year award from the Institute of Technology and Management (2004), "Outstanding Achiever of the Year" award from the Indian Banks' Association (2004) and "Finance Man of the Year" Award by the Bombay Management Association in 2006.

MR. NIRMAL JAIN (Managing Director)

Mr. Nirmal Jain is the founder and Managing Director of the Company. He holds a PGDM (Post Graduate Diploma in Management) from the Indian Institute of Management (IIM), Ahmedabad and is a rank holder Chartered Accountant and a Cost Accountant. He started his career in 1989 with Hindustan Unilever Limited. He founded IIFL Group in 1995. It started as an independent equity research Company in India. Over the last 26 years, he has led the expansion of the group, while remaining focused on financial services. The group through four listed entities, has leading presence in India's wealth & asset management, consumer lending, securities trading & discount broking spaces. With an impeccable track record of governance and growth, the group has attracted marquee investors and won accolades internationally.

MR. R VENKATARAMAN (Joint Managing Director) C M M M

Mr. R Venkataraman is the Co-Promoter and Joint Managing Director of the Company. He holds Post Graduate Diploma in Management from Indian Institute of Management (IIM), Bangalore and Bachelor in Electronics and Electrical Communications Engineering from IIT Kharagpur. He joined the Company's Board in July 1999. He has been contributing immensely in the establishment of various businesses and spearheading key initiatives of the group over the past 23 years. He previously held senior managerial positions in ICICI Limited, including ICICI Securities Limited, their investment banking joint venture with J P Morgan of US and Barclays –BZW. He worked as an Assistant Vice President with G E Capital Services India Limited in their private equity division. He has a varied experience of more than 30 years in the financial services sector.

MS. GEETA MATHUR (Independent Director) C M M

Ms. Geeta Mathur, a Chartered Accountant, having worked as a banker both on the asset side and risk side and with large corporate treasuries and investor relations. She started her career with ICICI, where she worked for over 10 years in the field of project, corporate and structured finance as well represented ICICI on the Board of reputed companies such as Eicher Motors, Siel Limited among others. She has developed, reorganized, streamlined and led large national teams. She transitioned from the corporate sector to the development sector as CFO of Helpage India, where besides successful implementation of Oracle ERP and setting up processes for budgeting and MIS, she was consistently awarded by the Institute of Chartered Accountants and South Asian Federation of Accountants for best presentation and transparency in accounts. She has worked in various capacities in large organizations such as IBM and Emaar MGF across areas of Corporate Finance, Treasury, Risk Management and Investor Relations. She currently serves as an Independent Director in various large organizations across manufacturing and services such as Motherson Sumi Wiring India Limited, Info Edge (India) Limited and NIIT Limited. She also co-chairs the India chapter of Women Corporate Directors Foundation, a global membership organization and community of Women Corporate Directors with a mission to foster a powerful, trusted community of influential women corporate Directors. She is a graduate in Commerce from the Shriram College of Commerce, Delhi University and did her articleship with the Price Waterhouse while pursuing her Chartered Accountancy.

MR. VIJAY KUMAR CHOPRA (Independent Director) C M M M

Mr. Vijay Kumar Chopra is a fellow member of the Institute of Chartered Accountants of India. He was the whole-time member of SEBI for two years; prior to that he has been a career banker and has held several top positions during his 37 years' of experience in banking industry. Some of his accomplishments include being the Chairman and Managing Director at Corporation Bank and SIDBI, 3 years as an Executive Director at the Oriental Bank of Commerce and 31 years in various capacities at the Central Bank of India.

MR. NILESH VIKAMSEY (Independent Director) C M M M M

Mr. Nilesh Vikamsey is a senior partner at Khimji Kunverji & Co LLP – an 85-year-old Chartered Accountants firm. Mr. Vikamsey is Committee member of organizations like Indo American Chamber of Commerce, Bombay Chartered Accountants' Society (BCAS), the Chamber of Tax Consultants (CTC). He is a trustee in 'Sayagyi U Ba Khin' Memorial Trust (Vipassana International Academy, Igatpuri) & few educational trusts in Mumbai. He is presently a member of the Advisory Committee on Mutual Funds & Corporate Governance Committee of SEBI, Risk Management Committee of Central Depository Services (India) Limited (CDSL) and Expert Advisory Committee of Institute of Chartered Accountants of India (ICAI). He was the President of ICAI in the past. He was an observer on the Board of International Federation of Accountants and Member of IFAC's Technology Advisory Group. He was the past Chairman of Federal Bank Limited and member of IRDA. He was the Chairman of SEBI's Qualified Audit Report Committee and member of Corporate Governance Committee chaired by Uday Kotak, Primary Market Advisory Committee and Committee on Disclosures and Accounting Standards (SCODA). He was member of International Auditing and Assurance Standards Board (IAASB) Reference Group for Audits of Less Complex Entities. He is a Speaker/Chairman, at various seminars, meetings, lectures held by various Committees, Regional Councils, Branches & Study Circles of ICAI, Bankers Training College of the RBI, Comptroller & Auditor General of India (C&AG) and various other organizations.

MR. CHANDRAN RATNASWAMI (Non-Executive Director)

Mr. Chandran Ratnaswami is a Non-Executive Director of the Company. He is the Chief Executive Officer and Director of Fairfax India Holdings Corporation, a Company listed on the Toronto Stock Exchange and is also a Managing Director of Hamblin Watsa Investment Counsel Limited, a wholly owned investment management company of Fairfax Financial Holdings Limited.

Mr. Ratnaswami serves on the Boards of, among others, Chemplast Sanmar Limited, Quess Corp Limited, Bangalore International Airport Limited, National Commodities Management Services Limited, Go Digit General Insurance Limited, Thomas Cook (India) Limited, Fairbridge Capital Private Limited in India, Zoomer Media, Fairfax India Holdings Corporation in Canada, Thai Reinsurance, Thailand and Fairfirst Insurance Limited, Sri Lanka. He holds a Bachelor's degree in Civil Engineering from IIT Madras, India and MBA from the Rotman School of Management, University of Toronto, Canada.

MR. RAMAKRISHNAN SUBRAMANIAN (Independent Director) M M M M

Mr. Ramakrishnan Subramanian is a Chartered Accountant, Cost Accountant and Master's in Commerce. He has served several leading Banks, FIs in leadership roles since 1990 in India and abroad. He has also served as a Boards member of ING Vysya Bank and Shriram Capital, Shriram Transport, Shriram City Union, in the past apart from having done senior executive roles such as CEO, MD, Country Head, Asia Regional head roles in domestic and international banks.

He is currently engaged as a Sr. Advisor, Operating Partner, Consultant with PE, VC, FIs and Fintech in India. Within financial sector services, his deep expertise and experience are in Retail Financing – Mortgage, LAP, Personal loans, Business loans, SME, LAS, Gold, Auto, CV/CE, Securitization. He has worked in senior capacities involving Strategy, Board, Governance coupled with strong track record on execution across functions covering Channels, Product, Pricing, Portfolio Management, Funding, Credit Policy, Credit Underwriting, Collections Management of large Universal banks, Non-Banking Financial Companies ("NBFCs") and Fintech.

MR. VIBHORE SHARMA (Independent Director) C C

Mr. Vibhore Sharma is an Engineering & Product leader with over 20 years of experience in building and leading teams engaged in software and systems engineering. He has helped to build and evolve some decent money-making products of both B2C as well as B2B archetypes. He was amongst the earliest team members of InfoEdge India, and played a pivotal role in scaling the company's technology and products. He assists emerging science and tech startups to invest in and scale their tech and product capabilities.

ALCO Committee · IT Strategy Committee · Risk Management Committee · Audit Committee
Nomination and Remuneration Committee · Stakeholders' Relationship Committee · Corporate Social Responsibility Committee
Ⓒ Chairperson · Ⓜ Member

PROPULSION THROUGH RIGHT ENGAGEMENT

STAKEHOLDER ENGAGEMENT

Frequent and effective engagement with stakeholders allows us to understand our stakeholders' expectations while integrating them into our strategies. We believe such processes help strengthen stakeholder trust in our brand and enable us to deliver sustainable value.

Stakeholder Group	Stakeholder Priorities
CUSTOMERS	Customized financial products and services Competitive interest rates Access to physical and digital channels Seamless customer service Secure transactions Fair and responsive grievance redressal mechanism Financial inclusion
INVESTORS	Ethical business practices and good corporate governance Regular dividends Sustainable performance and value creation ESG integration into strategy and operations Transparent reporting and disclosure
EMPLOYEES	Training and development Fair and timely remuneration Reward, recognition, and appreciation for the performance Diverse, open, non-discriminatory, and safe working environment Work-life balance
COMMUNITIES	Social upliftment Community welfare initiatives Education to the marginalized and tribal people Healthcare to the underprivileged
GOVERNMENT/ REGULATORY BODIES	Compliance with laws and regulations Ethical business practices Active participation in industry and regulatory working groups Timely reporting through various compliance-based forms
BUSINESS PARTNERS	Fair and ethical procurement and engagement practices Pricing and favorable terms of payment Timely clearance

Engagement Mode and Frequency	Frequency
Regular engagement through emails, calls, SMS, WhatsApp, branch and relationship managers Social media communication Marketing campaigns	Regular Periodical Annual Need-based
Investor meets/calls Annual/quarterly results Investor presentations Annual General Meeting Annual Report Press releases	Periodical Annual/Quarterly Need-based
Town halls One-on-one meetings Training and development workshops Engagement initiatives Learning through online modules Digital apps for employees and collection officers Performance appraisals	Regular Need-based
Financial inclusion and literacy initiatives Regular CSR initiatives by IIFL Foundation Focus on health, education, livelihood and poverty alleviation Employee volunteering	Regular Need-based
Mandatory regulatory filings Periodical submission of business performance Written communications One-on-one or group meetings	Periodical Need-based
Regular meetings, seminars, and workshops Capacity building and sustainability for suppliers	Regular Need-based

PROPULSION THROUGH AWARENESS

MARKETING CAMPAIGNS

IIFL Finance strives to create a truthful and reliable brand image for existing and potential customers. During the second lockdown, our offline marketing activities witnessed a standstill. However, our investments in technology benefited us in reaching customers digitally and reiterating our brand positioning – Seedhi Baat, featuring superstar cricketer Rohit Sharma.

SEEDHI BAAT

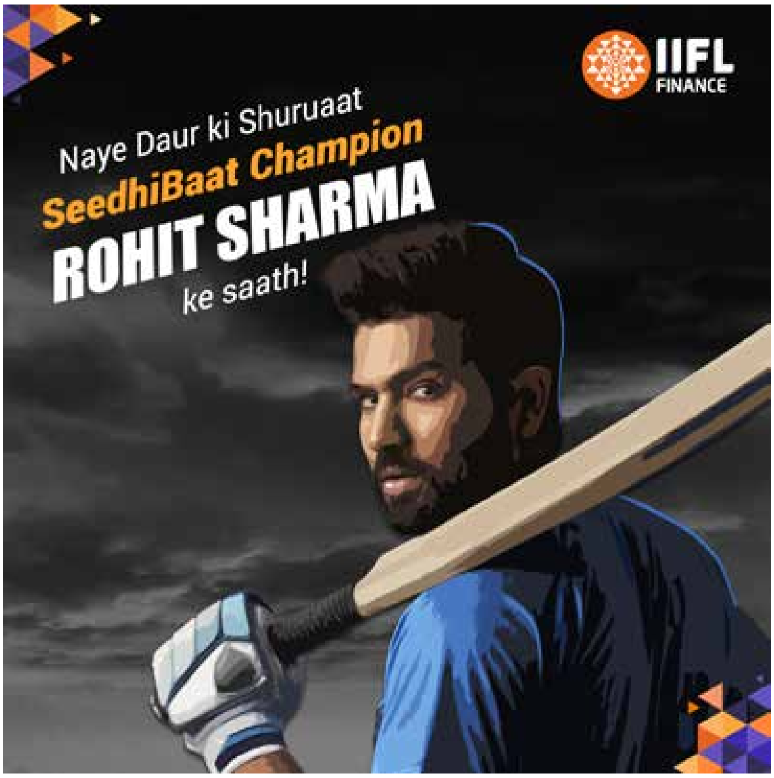
During the year, we continued our Seedhi Baat brand TVC with a series of three advertisements starring our brand ambassador Rohit Sharma. These advertisements were aired on major national and regional news stations, with each TV commercial emphasizing a different facet of Seedhi Baat – honesty, dedication, and the importance of relationships.

MYTH VS FACT

In line with our Seedhi Baat campaign in which transparency is one of the key tenets, IIFL Finance conducted a consumer awareness campaign on social media platforms to dispel misunderstandings about loans, particularly Gold loans.

GOLD LOAN at HOME

We focused on promoting the newly launched Gold Loan at Home facility for the convenience of our customers.



WINBACK CAMPAIGNS

We promoted Gold loan schemes at attractive rates to our existing customers to help them avail credit at affordable interest rates. In order to create awareness and educate the general public as well as our customers about the schemes, we generated awareness communication messages in multiple languages.

GL MELA CAMPAIGN

In the third and fourth quarters of the fiscal year, lockdown restrictions were eased and festivities improved the spirits. During this period, IIFL Finance launched regional campaigns in which new and current customers got guaranteed rewards in exchange for procuring a Gold loan from us. These campaigns were widely publicized on television, print, outdoor, radio, and digital platforms.

'GL REFER & WIN'

From June 2021 to March 2022, we ran a referral program for our existing customers, leveraging their goodwill toward the IIFL brand and rewarding them suitably.

2.1 lakhs+

NEW CUSTOMERS JOINED THROUGH THE REFERRAL PROGRAM

SOCIAL MEDIA CAMPAIGNS

Mother's Day

International Yoga Day

Emoji Day Contest

Know Your Ganesha

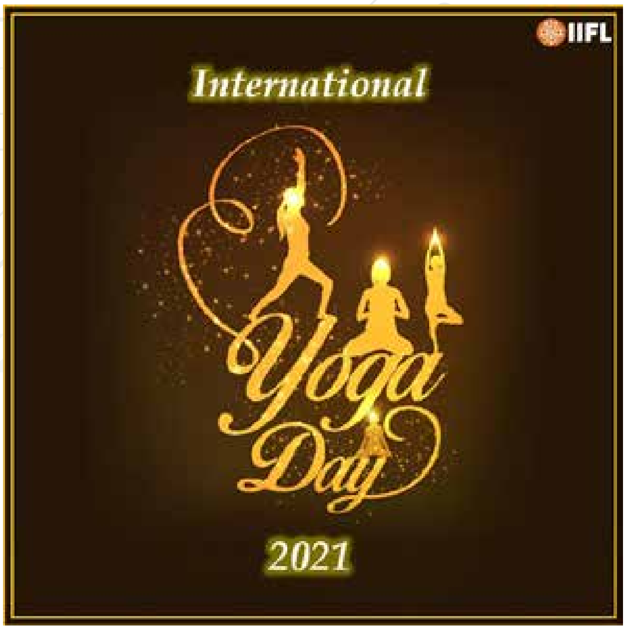
Rishton Ki Chamak

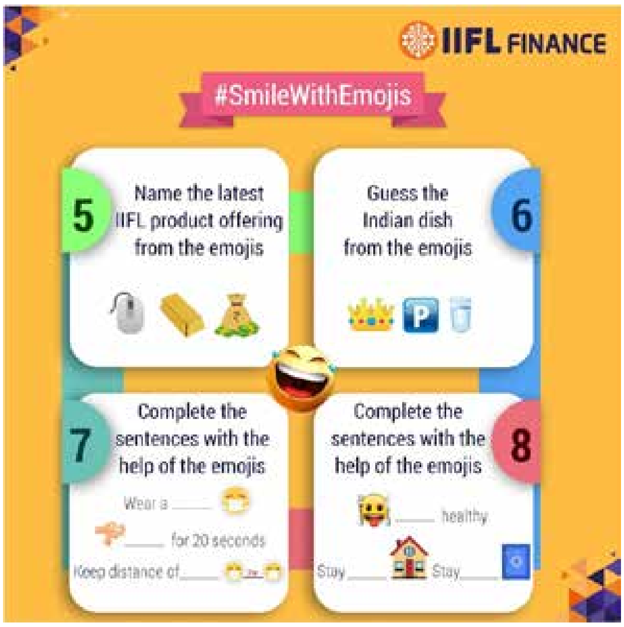
Gold loan as an Enabler - Customer Testimonial Campaign

Seedhi Baat Story, Poetry & Quotes Writing Contest

Covid-19 Advisories

Seedhi Baat Blogs





PROPULSION THROUGH RECOGNITION & APPRECIATION

AWARDS

Recognized as 'The Most Preferred Brand' for Sustained Brilliance in Brand Building at Marksmen Daily Awards

Conferred with 'Customer Services Excellence Award' at the World BFSI Congress for Our 'Gold Loan at Home' Initiative

Bestowed with 'Financial Inclusion Initiative of the Year Award' at the World BFSI Congress

Identified as 'India Most Admired Financial Services Provider' at Asian BFSI Leadership Awards

Presented the 'Best Financial Inclusion Initiative' at National Awards for Excellence in BFSI

Received 'Best Use of Mobile Technology in Financial Services' Award for Our 'WhatsApp Loan' Product at the World BFSI Congress

Awarded the 'Best Finance App' for IIFL Finance's MyMoney App at National Awards for Excellence in Digital Marketing

Honored with 'The Economic Times Iconic Brand Award'

Appreciated with the Impact Digital Influencer Award for #UmeedwaliSeedhiBaat Initiative

Honored with 'Golden Peacock Award for Risk Management'

Certified as "Great Place to Work' for fourth year in a row.

DIRECTORS' REPORT

Dear Members,

Your Directors present the Twenty Seventh Annual Report of IIFL Finance Limited ("your Company/the Company") together with the Audited Financial Statements for the Financial Year ended March 31, 2022. The Company is registered with the Reserve Bank of India ("RBI") as a Systemically Important Non-Banking Financial Company ("NBFC") not accepting public deposits (NBFC-ND-SI).

Under the cloud of COVID-19 pandemic, the year passed with difficult times and uncertainties. The second wave of the COVID-19 pandemic had a significant impact on lives, livelihoods and business. Despite the raging COVID-19 pandemic and lockdown, strong recovery and business momentum was witnessed. Your Company has ensured business continuity through a phygital model wherein the business as well as workforce adopted to this agile way of working.

1. FINANCIAL RESULTS

A summary of the financial performance of your Company and its major subsidiaries, for the Financial Year ended March 31, 2022 is as under:

(₹ in Million)

Name of the Company	Revenue	Profit After Tax
IIFL Finance Limited	40,623.09	7,454.84
IIFL Home Finance Limited ("HFC")	20,860.76	5,779.95
IIFL Samasta Finance Limited (formerly known as Samasta Microfinance Limited) ("Samasta")	10,127.87	506.04

A summary of the consolidated and standalone financial performance of your Company, for the Financial Year ended March 31, 2022, is as under:

(₹ in Million)

Particulars	Consolidated		Standalone	
	2021-22	2020-21	2021-22	2020-21
Gross total income	70,062.79	59,896.89	40,892.53	34,362.05
Profit before Finance Cost, depreciation, share of loss of Joint Venture, exceptional items and taxation	46,486.87	37,362.87	26,894.08	20,203.04
Finance Cost	29,910.05	26,258.27	16,156.07	15,549.75
Depreciation	1,216.98	1,056.76	1,064.26	908.83
Profit before share of loss of Joint Venture, exceptional items and tax	15,359.84	10,047.84	9,673.75	3,744.45
Share of loss from Joint Venture	-	-	-	-
Profit before exceptional items and tax	15,359.84	10,047.84	9,673.75	3,744.45
Exceptional items	-	-	-	530.50
Profit before tax	15,359.84	10,047.84	9,673.75	4,274.95
Taxation				
-Current tax	3,277.76	3,173.53	1,712.83	972.83
-Deferred tax	193.84	(779.46)	511.79	(167.48)
-Short or excess provision for income tax	5.74	45.67	(5.71)	43.83
Net profit for the year	11,882.50	7,608.10	7,454.84	3,425.77
Other Comprehensive Income	92.14	(243.17)	(98.55)	(211.07)
Total Comprehensive Income	-	-	7,356.29	3,214.70
Total Comprehensive Income before Non Controlling interest	11,974.64	7,364.93	-	-
Attributable to:				
Owners of the Company	11,971.12	7,358.03	-	-
Non-controlling interests	3.52	6.90	-	-

(₹ in Million)

Particulars	Consolidated		Standalone	
	2021-22	2020-21	2021-22	2020-21
Less: Appropriations				
Dividend	(1,328.20)	(1,135.41)	(1,328.21)	(1,135.41)
Dividend Distribution Tax	-	-	-	-
Transfer to/from Other Reserves	(3,126.57)	(1,624.48)	(1,952.30)	(686.80)
Change in Minority	3.67	2.73	-	-
On account of Merger	-	-	-	-
Add: Balance brought forward from the previous year	15,472.90	10,872.03	4,586.23	3,193.73
Balance to be carried forward	22,992.90	15,472.90	8,662.01	4,586.23

Note: Previous periods figures have been regrouped/rearranged wherever necessary.

Transfer to Reserve

The Company during the year under review has transferred below mentioned amount to General Reserve out of the Retained Earnings. Further, in accordance with Section 45 IC of the Reserve Bank of India Act, 1934, the Company has also transferred below mentioned amount to Special Reserve.

(₹ in Million)

Particulars	Consolidated	Standalone
	2021-22	2021-22
Special Reserve during the year (Pursuant to Section 45 IC of the Reserve Bank of India Act, 1934)	2,053.51	1,952.30
Special Reserve during the year (Pursuant to Section 29C of National Housing Bank Act, 1987)	1,156.00	-
General Reserve during the year	0.65	0.65

2. REVIEW OF BUSINESS AND OPERATIONS AND STATE OF AFFAIRS OF YOUR COMPANY

During the year under review, your Company's total income, on a consolidated basis, amounted to ₹ 70,062 Million compared to ₹ 59,897 Million in the previous year. We recorded our highest ever pre-provision operating profit of ₹ 23,464 Million during the year, driven by volume growth and reduction in cost of funds compared to ₹ 20,018 Million in the previous year. Profit Before Tax stood at ₹ 15,360 Million compared to ₹ 10,048 Million in the previous year and Profit After Tax (TCI post non-controlling interest) stood at ₹ 11,971 Million compared to ₹ 7,358 Million in the previous year.

Our Loan Assets Under Management ("AUM") grew 15% y-o-y to ₹ 512,098 Million compared to ₹ 446,880 Million in the previous year. The core segments of our portfolio viz. Home loans, Gold loans, Business loans and Microfinance loans, grew faster at 20% y-o-y to ₹ 476,688 Million compared to ₹ 396,324 Million in the previous year. The primary drivers of the AUM growth were Gold loans, which grew by 23% y-o-y, Home loans, which grew by 23% y-o-y and Microfinance loans, which grew by 30% y-o-y. The synergistic products of Construction & Real Estate finance and Capital Market loans continue to have a declining share in the portfolio.

We have transferred a substantial part of Construction & Real Estate ("CRE") loan assets that are in the form of non-convertible debentures to an Alternative Investment Fund. ("AIF"). The AIF has a target fund size of ₹ 36,000 Million. The above transaction is in line with the Company's strategy of focusing on retail lending.

The AUM of the Company on standalone basis grew 10% y-o-y to ₹ 211,086 Million from ₹ 191,988 Million in the previous year. The AUM of HFC grew 14% y-o-y to ₹ 236,174 Million as of March 31, 2022 from ₹ 206,937 Million in the previous year and that of Samasta grew 35% y-o-y to ₹ 64,838 Million as on March 31, 2022 from ₹ 47,956 Million in the previous year. Our book continues to get more granular with about 94% of the book as at March 31, 2022 being retail in nature. Moreover, 69% of the retail loans, excluding Gold loans, are compliant with RBI's Priority Sector

DIRECTORS' REPORT (Contd.)

Lending ("PSL") norms. Gold loans are not deemed to be PSL compliant. The large share of retail and PSL compliant loans are of significant value in the prevailing environment as they can be easily securitized/ assigned with banks to raise long-term resources.

Our average cost of borrowings for the year declined by 40 bps y-o-y to 8.60% and Net Interest Margin ("NIM") on On-Book Assets increased by 18 bps y-o-y to 7.0% in FY 2021-22. Consolidated Gross Non-Performing Assets ("GNPAs") and Net Non-Performing Assets ("NNPAs") recognized as per RBI's prudential norms and provisioned as per Expected Credit Loss ("ECL") model prescribed in Indian Accounting Standards ("Ind AS"), stood at 3.2% and 1.8% of loans respectively as against 2.0% and 0.9% respectively in FY 2020-21. This includes the impact of RBI notification dated November 12, 2021.

Provision coverage (including standard assets provision), under Ind AS norms, on stage 3 assets for the year was 123%.

Return on assets for the year was at 2.7% as compared to 2.0% in the previous year. Similarly return on equity for the year was at 20.6% as compared to 15.3% in the previous year. It has mainly increased due to increase in net interest income and lower provisioning. Net interest income has mainly increased due to volume growth and savings in cost of funds. We added over 730 new branches and 8,500 more people. As a result, cost to income ratio increased to 40% in FY 2021-22 as compared to 35% in FY 2020-21.

Despite the challenging environment for the industry, we have managed our liquidity well with adequate margin of safety. We raised long-term funds (excluding assigned and securitized) of ₹ 157.92 Billion in FY 2021-22, including ₹ 6.56 Billion from public issue of unsecured subordinated Non-Convertible Debentures ("NCDs") and ₹ 12.47 Billion raised through secured redeemable NCDs. Our exposure to commercial paper continues to be Nil. We completed securitization and assignment transactions of ₹ 133.6 Billion in FY 2021-22. We bought back US $ 50 Million worth of overseas bonds at par, funded by a corresponding External Commercial Borrowings ("ECB") loan of maturity not less than the maturity of the bonds bought back, in line with RBI regulations. This will reduce its cost of funds by approximately 225 bps on this transaction. Your Company successfully raised long term funds of US $ 68 Million from ADB to improve financial access to affordable green housing & lower-income women borrowers. Our outstanding liability (excluding assignment and securitization) mix remained well diversified with NCDs including sub-ordinate debt constituting 31%, bank term loans and working capital finance constituting 61% and re-finance constituting 8%. Our outstanding securitization/assignment balance grew by 12% y-o-y to ₹ 166,957 Million. Cash and cash equivalents and committed credit lines from banks and institutions of ₹ 94.99 Billion were available as on March 31, 2022, adequate to meet not only all near-term liabilities but also to fund the growth momentum. We had a positive ALM throughout the year, whereby inflows covered or exceeded expected outflows across all buckets.

Outlook

- India is expected to witness a Gross Domestic Product ("GDP") growth of 7.2% in FY 2022-23. The Government's substantial capital spending program as envisaged in the Union Budget 2022 along with a healthy financial system is well positioned to attract private investment by reviving economic activity and boosting demand.
- The outlook for FY 2022-23 looks promising especially in the retail segment, since macro-economic indicators show that this segment is highly under penetrated. For eg. mortgage to GDP ratio of India is hardly 10%. Our investment in digital and technology initiatives has enabled us to seamlessly conduct business in an uninterrupted manner even during lockdown periods. Wherever required, our staffs are working from home. Disbursements and physical collections which were impacted during the onset of COVID-19 are back to pre-covid levels. We are well prepared to seize opportunities and manage risks at every stage of our value chain.

3. MACRO-ECONOMIC OVERVIEW

The COVID-19 pandemic that broke out in early 2020 continued to inflict health and economic shocks across countries in FY 2021-22 with its resurgent waves. The Delta variant of COVID-19 struck India in the beginning of FY 2021-22 marking the onset of the second wave. Unlike the first wave, the second wave was asynchronous in its onset across States and more intense in its spread, entering the rural hinterland. However, the economic impact of second wave was muted compared to that of the first wave.

After battling with technical recession in FY 2020-21, Indian economy showed recovery during FY 2021-22. Following a contraction of 7.3% in FY 2020-21, the Indian economy grew by FY 9.2% in FY 2021-22. This amelioration can be accredited to various growth policies of the Central Government, reduced interest rates and expeditious vaccination drive in the country.

Given the asynchronous nature of the second wave, India's Policy response constituted a differentiated response, the Government announced various production linked incentive schemes and committed nearly ₹ 1.97 Trillion for the next five years starting in FY 2021-22. Furthermore, the Centre also extended the Emergency Credit Line Guarantee Scheme ("ECLGS") till March 31, 2023 to provide credit support to small and micro organizations. As of March 2022, loans sanctioned under ECLGS had crossed ₹ 3.19 Trillion.

(Source: Economic Survey 2021-22, Union Budget 2022)

4. DIVIDEND

During the year under review, the Board of Directors of the Company declared and paid an interim dividend of ₹ 3.50/- per equity share (175%) (i.e. 1.75 times of the Face Value of ₹ 2/- per equity share) in accordance with the Dividend Distribution Policy of the Company. This led to an outgo of ₹ 1,328.20 Million (including tax deducted at source). Your Directors recommend that the said interim dividend be considered as final.

In terms of the provisions of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Board of Directors of the Company has adopted a Dividend Distribution Policy which is annexed as **"Annexure-VII"** to this report and is also available on the website of the Company i.e. https://storage.googleapis.com/iifl-finance-storage/files/2022-01/Dividend_distribution_policy_IIFL_Finance_Limited_2022.pdf.

5. INVESTOR EDUCATION AND PROTECTION FUND ("IEPF")

In accordance with the applicable provisions of the Companies Act, 2013 ("the Act") read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), all unclaimed dividends/interest and principal on NCDs are required to be transferred by the Company to the IEPF, after completion of seven (7) years. Further, according to the IEPF Rules, the shares on which dividend has not been claimed by the Members for seven (7) consecutive years or more shall be transferred to the demat account of the IEPF Authority.

The details relating to amount of dividend/interest and principal on NCDs transferred to the IEPF during FY 2021-22 and shares on which dividends were unclaimed for seven (7) consecutive years, are provided in the General Shareholders Information section of Corporate Governance report forming part of this Annual Report.

6. KEY INITIATIVES/DEVELOPMENTS

Public Issue of Debentures

During the year under review, the Company raised through public issue of secured, redeemable, Non-Convertible Debentures ("NCDs"), an amount aggregating to ₹ 8,429.88 Million. Additionally, HFC raised an amount of ₹ 6,558.23 Million through public issue of unsecured, subordinated, redeemable, NCDs and ₹ 4,043.87 Million raised through secured, redeemable NCDs. These NCDs are listed and traded on the National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE").

Issuance of Non-Convertible Debentures on a Private Placement basis

During the year under review, the Company raised through Private Placement of Redeemable NCDs an amount aggregating to ₹ 7,200 Million. These NCDs are listed and traded on NSE and/or BSE.

Additionally, during the year under review, HFC and Samasta raised ₹ 7,650.20 Million and ₹ 1,248 Million respectively through Private Placement of Redeemable NCDs. The NCDs issued by HFC were listed on NSE while NCDs issued by Samasta were listed on BSE.

National Housing Bank Refinance

During the year under review, National Housing Bank ("NHB") sanctioned ₹ 12,950 Million refinance facility to HFC. HFC availed ₹ 12,338.40 Million of refinance facility from NHB under various refinance schemes during the year ended March 31, 2022.

Additionally, during the year under review, Mudra and NABARD have refinanced ₹ 2,000 Million and ₹ 13,000 Million respectively under refinance facility to the Company. SIDBI and NABARD have refinanced ₹ 2,000 Million and ₹ 3,600 Million respectively to Samasta.

Funds raised by way of other Borrowings

During the year under review, the Company raised ₹ 24,292.50 Million through term loan from various banks. Additionally, during the year under review, HFC raised ₹ 31,900 Million through term loans and Samasta raised ₹ 30,430 Million through term loans from various banks.

Additional investment in Samasta

During the year under review, the Company invested in

DIRECTORS' REPORT (Contd.)

the right issue of equity shares of Samasta for an amount of ₹ 1,500 Million, in June, 2021 and an amount of ₹ 750 Million in March, 2022. Post allotment, the holding of the Company in Samasta is 74.41%.

Additionally, during the year under review, HFC also invested in the right issue of equity shares of Samasta, for an amount of ₹ 1,546.30 Million in June, 2021 and an amount of ₹ 750 Million in March, 2022. Post allotment, the holding of the HFC in Samasta is 25%.

Transfer of real estate credit assets to an AIF

During the year under review, the Company has transferred a substantial part of its Construction and Real Estate ("CRE") loan assets that are in the form of NCDs to an AIF. The AIF has a target fund size of ₹ 36,000 Million. The above transaction is in line with the Company's strategy of focusing on retail lending.

Buyback of Overseas Dollar Bond

During the year under review, in relation to the US$ 400 Million, 5.875% Notes Due 2023 ("Notes"), the Company bought back US $ 60.30 Million worth of Notes. The Company had raised US $ 400 Million through issue of Medium Term Notes under Secured Medium Term Note Programme in February 2020 at an effective issue price of US $ 998.75 per US $ 1000 of face value, to fund its business growth. Notes of US $ 384 million were outstanding as on March 31, 2021. During FY 2021-22, the Company had bought back Notes of US $ 60.30 Million including US $ 50 Million at par through an open tender offer in March, 2022. The buyback of US $ 50 Million was funded by corresponding loan of the same amount from a global bank. After these buybacks, Notes of US $ 323.70 Million remained outstanding as on March 31, 2022.

Listing of Bonds on NSE IFSC

During the year under review, US $ 376 Million of 5.875% Fixed Rate Senior Secured Notes were listed on NSE IFSC Limited on September, 2021. As on March 31, 2022, US $ 323.70 Million bonds were outstanding.

Non-Convertible Debentures issued to Asian Development Bank

During the year under review, HFC has raised US $ 68 Million by issue of NCDs to Asian Development Bank ("ADB") to improve funding to affordable green housing for lower-income groups in India. 80% will be earmarked for women borrowers and 20% for green-certified homes.

Co-origination/co-lending tie-up with banks

During the year under review, the Company and its subsidiaries tied up leading public sector and private sector banks for co-lending/co-origination/business correspondence. During the year under review, overall Asset under Management under co-lending stood at ₹ 34,899.33 Million (includes Home Loans and Gold).

Digital DIY business loans

During the year under review, the Company launched instant paperless digital business loans via WhatsApp and Mymoney App under its digital DIY journey initiative. The Company has disbursed ₹ 4,167 Million in FY 2021-22. More than 27,000 customers have been on boarded under this initiative till date.

Awards and Recognitions

During the year under review, following awards and accolades were conferred by reputable organizations:

- IIFL Finance was listed as an "Iconic Brand" by the Economic Times.
- IIFL Finance's 'MyMoney App' received award for 'Quick Loan Approval' at the Asian BFSI Leadership Awards.
- IIFL Finance received 'Most Admired Financial Services Company' Award at the Asian BFSI Leadership Awards.
- IIFL Finance's 'MyMoney App' received Best Finance App at National Awards for Excellence in Digital Marketing.
- IIFL Finance received award for the best financial inclusion initiative at National Awards for Excellence in BFSI.
- IIFL Finance's #UmeedwaliSeedhiBaat received Silver in the Impact Digital Influencer Award (Best BFSI Campaign in Small Budget Campaign category).
- IIFL Finance received Great Place to Work Certification.
- IIFL Finance received – The Most Preferred Brand Award 2021 for Sustained Brilliance in Brand Building at Marksmen Daily Awards.
- IIFL Finance's 'Gold Loan at Home' product received 'Customer Services Excellence Award' at the World BFSI Congress.
- IIFL Finance's 'WhatsApp Loan' product received 'Best Use of Mobile Technology in Financial Services' award at the World BFSI Congress.

- Mr. Saurabh Kumar, Business Head-Gold Loans, received the 'Most Admired BFSI Professional' Award at World BFSI Congress.
- Mr. Mayank Sharma, Senior Director Investments, Gold Investments, received the 'Most Admired BFSI Professional' Award at the World BFSI Congress.
- IIFL Foundation's 'Maa Baadi' project received the 'Best Environment Friendly Project' Award at the Global CSR Excellence & Leadership Awards.
- IIFL Foundation's 'Drone Vaccine Delivery' project received the 'Most Innovative Solution for COVID-19' award at the Global CSR Excellence & Leadership Awards.
- IIFL Foundation received the award for 'Most Outstanding Contribution to the Cause of Education' at the Global CSR Excellence & Leadership Awards.
- Ms. Madhu Jain, Director, IIFL Foundation received the 'CSR Leadership' Award at Global CSR Excellence & Leadership Awards.
- IIFL Foundation received award for 'Best Covid Training Solution' at the Asian CSR Leadership Awards.
- IIFL Foundation received award for 'Best CSR Practice in Banking and Finance Industry' at the Asian CSR Leadership Awards.
- IIFL Foundation's 'Sakhiyon Ki Baadi' program received the 'Best Innovation in CSR Practices Award' at the Asian CSR Leadership Awards.
- IIFL Foundation was recognized as 'Champion of Change' by ET Now for bringing over 36,000 out-of-school girl children into education fold.
- IIFL Foundation received India's Greatest CSR Brand recognition by Asia One.
- Ms. Madhu Jain, Director, IIFL Foundation received 'BlackSwan Award for Women Empowerment' from the United Nations Global Compact network for her impactful leadership towards girl child education in India.
- IIFL Foundation received Best Sustainability Education Program at Global Sustainability Leadership Awards.
- IIFL Foundation received Sustainable Carbon Management Award at Global Sustainability Leadership Awards.

7. CORPORATE SOCIAL RESPONSIBILITY ("CSR") INITIATIVES

The CSR Committee of the Board has formulated and recommended to the Board a CSR Policy indicating the CSR activities which can be undertaken by the Company. The Board approved the CSR Policy which is available on the website of the Company i.e. https://storage.googleapis.com/iifl-finance-storage/files/2022-04/CSR_Policy_IIFLFinance_1April2022.pdf

IIFL group has set-up India Infoline Foundation ("IIFL Foundation") a Section 8 Company incorporated under the Act, which acts as the principal arm to undertake CSR initiatives on behalf of the Company and its subsidiaries. IIFL Foundation through its CSR initiatives addresses 4 thematic areas – **Health, Education, Livelihood & Poverty Alleviation,** collectively – ***HELP***

As per Rule 4(2) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, IIFL Foundation has registered itself with the Central Government by filing the e-Form CSR-1 with the Registrar of Companies.

The Company has identified focus areas for CSR initiatives which includes:

- Literacy initiative for Females
- Development of Medical facilities at Government Hospitals
- Development of Infrastructure at Government Schools
- Introduction of Electricity at Government Schools
- Delivery of vaccines by Drone
- Support to Educational Research Programs
- Fight against outbreak of COVID-19 pandemic
- Support to Shelter Home & Education of financially weaker group
- Development of market place for women to promote livelihood

During FY 2021-22, the Company deployed 2% of its average net profits of the preceding three Financial Year (computed as per the relevant provisions of the Act) on CSR projects, utilizing the required amount on various social development activities, details thereof are mentioned in the CSR Annual Report, attached as **"Annexure-I"** to this report. The unspent amount of the ongoing project has been deposited in a separate bank account.

Further, during the year under review, impact assessment was not applicable to the Company. However, the same has been conducted by IIFL Foundation.

8. SHARE CAPITAL

During the year under review, the total paid up equity share capital of the Company increased from ₹ 75,76,81,352/- to ₹ 75,91,97,422/- pursuant to allotment of 7,58,035 equity shares of ₹ 2/- each under Employee Stock Option Scheme(s) of the Company to the eligible employees and the said equity shares rank pari pasu with the existing equity shares.

The movement of share capital was as under:

Particulars	No. of shares allotted	Cumulative outstanding capital (no. of equity shares with Face Value of ₹ 2/- each)
Capital at the beginning of the year	-	75,76,81,352
Allotment of shares to employees on May 20, 2021 pursuant to exercise of options granted under Employee Stock Option Plan 2008 and IIFL Finance Employee Stock Option Plan 2020 - Merger Scheme	1,33,914	75,79,49,180
Allotment of shares to employees on July 15, 2021 pursuant to exercise of options granted under Employee Stock Option Plan 2008 and IIFL Finance Employee Stock Option Plan 2020 - Merger Scheme	1,03,184	75,81,55,548
Allotment of shares to employees on September 15, 2021 pursuant to exercise of options granted under Employee Stock Option Plan 2008 and IIFL Finance Employee Stock Option Plan 2020 - Merger Scheme	1,74,725	75,85,04,998
Allotment of shares to employees on November 11, 2021 pursuant to exercise of options granted under Employee Stock Option Plan 2008 and IIFL Finance Employee Stock Option Plan 2020 - Merger Scheme	53,229	75,86,11,456
Allotment of shares to employees on January 06, 2022 pursuant to exercise of options granted under Employee Stock Option Plan 2008 and IIFL Finance Employee Stock Option Plan 2020 - Merger Scheme	1,81,079	75,89,73,614
Allotment of shares to employees on March 10, 2022 pursuant to exercise of options granted under Employee Stock Option Plan 2008 and IIFL Finance Employee Stock Option Plan 2020 - Merger Scheme	1,11,904	75,91,97,422

9. SECURITIZATION/ASSIGNMENT OF LOAN PORTFOLIO

During the year under review, your Company (consolidated) as an originator has undertaken securitization transactions of total book value of loan assets amounting to ₹ 17,884.70 Million and Direct Assignment transactions of total book value of loan assets amounting to ₹ 124,196.15 Million.

10. FINANCIAL LIQUIDITY

Consolidated cash and cash equivalent as on March 31, 2022 stood at ₹ 62,116.40 Million vis-à-vis ₹ 26,429.02 Million in the previous year. The Company's working capital management is robust and involves a well-organized process, which facilitates continuous monitoring and control over receivables, inventories and other parameters.

11. INTERNAL CONTROL SYSTEMS

A. Internal audit and its adequacy:

The scope and authority of the internal audit function is well defined and to maintain independence and objectivity in its functions, the internal audit function reports directly to the Audit Committee of the Board. At the beginning of each Financial Year, a risk-based annual audit plan is rolled out after it is approved by the Audit Committee of the Board. The audit plan aims to evaluate the efficacy and adequacy of the internal control system(s) and compliance(s) thereof, robustness of internal processes, policies and accounting procedures, compliance with laws and regulations. The Internal Audit function, consisting of professionally qualified accountants, engineers, fraud risk and information technology specialists, is adequately skilled and resourced to deliver audit assurances at highest levels. Based on the reports of internal audit function, process owners undertake corrective action in their respective areas. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

Due to COVID-19 pandemic, your Company has adopted efficient 'remote audit' approach by leveraging technology to ensure continuity in audit and assurance processes. This shall enable the Company to conduct remote internal audit in future as well. A comprehensive plan, scoping and deployment of data analytics, facilitated seamless and effective conduct of remote internal audits during the year.

B. Internal Controls over Financial Reporting:

The Company's internal financial controls are commensurate with the scale and complexity of its operations. The controls were tested during the year and no reportable material weaknesses either in their design or operations were observed. The Company has put in place robust policies and procedures, which inter alia, ensure integrity in conducting its business, safeguarding of its assets, timely preparation of reliable financial information, accuracy and completeness in maintaining accounting records and prevention and detection of frauds and errors.

12. EMPLOYEES STOCK OPTION SCHEMES ("ESOS")

The Company has in force the following Schemes which are prepared as per the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 ("SBEB Regulations"):

(a) IIFL Finance Employees Stock Option Plan 2007 ("ESOS Scheme 2007")

(b) IIFL Finance Employee Stock Option Plan 2008 ("ESOS Scheme 2008")

(c) IIFL Finance Employee Stock Option Plan 2020 - Merger Scheme ("ESOS Scheme 2020")

Further, no stock options were granted to the employees during the year under the ESOS Scheme 2007 and ESOS Scheme 2020.

The Company granted 9,25,000 Stock Options to eligible employees during the year under ESOS Scheme 2008.

During the year under review, 14,360 stock options granted under ESOS Scheme 2008 got lapsed and the same have been added back to the pool, which can be used for further grant and 1,98,225 stock options granted under ESOS Scheme 2020 got lapsed and the same are not available for further grant.

The aggregate number of stock options outstanding as on March 31, 2022 is 11,47,105 under ESOS Scheme 2008 and 35,72,033 under ESOS Scheme 2020.

There is no material change in Employees' Stock Option Scheme during the year under review and the Scheme is in line with SBEB Regulations.

A certificate from the Secretarial Auditor of the Company confirming that the Scheme has been implemented in accordance with SBEB Regulations and as substituted by the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 would be placed at the ensuing Annual General Meeting ("AGM") for inspection by Members through electronic means.

The relevant disclosures pursuant to Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 and Regulation 14 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 are uploaded on the website of the Company i.e. www.iifl.com and the same is available for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, Sundays and Public Holidays, during business hours and through electronic means. Members can request the same by sending an email to shareholders@iifl.com till the AGM.

The relevant disclosures in terms of Ind AS 102, relating to share based payment, forms part of note 40 of the notes to the Standalone Financial Statements and note 39 of the notes to the Consolidated Financial Statements of the Company.

13. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 are given in the Standalone Financial Statements note no. 8, 9 and 39.

14. SUBSIDIARY COMPANIES

As on March 31, 2022, the Company has two (2) subsidiaries, one (1) step down subsidiary. The Company does not have any Associate(s)/Joint Venture(s):

Sr. No.	Name of the Subsidiaries
1.	IIFL Home Finance Limited
2.	IIFL Samasta Finance Limited*
3.	IIHFL Sales Limited

*Name of the Company was changed to IIFL Samasta Finance Limited from Samasta Microfinance Limited vide special resolution passed by the Members of the Company at their Extraordinary General Meeting held on July 24, 2021.

During the year under review, IIHFL Sales Limited was incorporated on September 28, 2021 as a wholly owned subsidiary of HFC, which is a wholly owned subsidiary

DIRECTORS' REPORT (Contd.)

of the Company. Accordingly, IIHFL Sales Limited became the step-down subsidiary of the Company.

Pursuant to Section 129, 134 and 136 of the Act read with applicable Rules, Regulation 33 of the Listing Regulations and applicable Ind AS, the Board of Directors had at their Meeting held on April 28, 2022, approved the Consolidated Financial Statements of the Company and its subsidiaries. Copies of the Balance Sheet, Statement of Profit and Loss, Report of the Board of Directors and Report of the Auditors of each of the subsidiary Companies are not attached to the accounts of the Company for FY 2021-22. The Company will make these documents/details available upon request by any Member of the Company. These documents/ details will also be available for inspection by any Member of the Company at its registered office and at the registered offices of the concerned subsidiaries during business hours on working days and through electronic means. Members can also request the same by sending an email to shareholders@iifl.com till the AGM. The Annual Reports of all the subsidiaries are available on the website of the Company i.e. www.iifl.com. The Company's Financial Statements including the accounts of its subsidiaries which forms part of this Annual Report is prepared in accordance with the Act and Ind AS 110.

A report on the performance and financial position of each of the subsidiaries of the Company, as per the Act is provided in the prescribed Form AOC-1 as Annexure A of the Consolidated Financial Statements and hence not repeated here for the sake of brevity.

Pursuant to Regulation 16 of the Listing Regulations, HFC and Samasta were the Material Subsidiaries of the Company for FY 2021-22 and shall be the Material Subsidiaries for FY 2022-23. In line with the provisions of Regulation 24(1) of the Listing Regulations, Mr. Arun Kumar Purwar, Independent Director on the Board of the Company is also an Independent Director of HFC. The Policy on determining the Material Subsidiary is available on the website of the Company i.e. https://storage.googleapis.com/iifl-finance-storage/files/2021-03/Policy-on-determining-Material-Subsidiary_1.pdf.

15. CAPITAL ADEQUACY

The capital adequacy ratio (Standalone) was 23.85% as on March 31, 2022, comprising Tier I capital ratio of 16.02% against the ratio of 10% as prescribed by the RBI.

16. ANTI-CORRUPTION MECHANISM

The Company with a high regard for honesty and institutional integrity, formulated an Anti-Corruption framework which consists of Anti-Corruption, Gift and Whistle Blower/Vigilance Policy, Fairness, Integrity and Transparency – FIT principles, applicable to all our employees of the Company and its subsidiaries. The Company has responsibility both to the Members and to the communities with which we do business to be transparent in all our dealings.

The Company takes a zero tolerance approach to bribery and other forms of unlawful payment. The Company's Anti-Corruption framework requires that we do not engage in bribery or corruption in any form and explicitly mentions that we will not pay or procure payment of a bribe or unlawful fee to encourage the performance of a task or one which is intended or likely to compromise the integrity of another. We will not accept any payment, gift or inducement from a third party which is intended to compromise our own integrity.

The Whistle Blower/Vigilance Policy of the Company urges employees to report and escalate unfair transactions without any fear of retribution. The Code of Conduct also includes procedures dealing with gifts and entertainment, conflicts of interest and other important matters. Risk Assessment framework identifying inherent corruption risks has been prepared and implemented for all business and support verticals. The same is audited by our internal auditors. E-learning training and declaration on anti-corruption is mandatory for our employees to ensure understanding of Anti-Corruption Policy and ways to mitigate such risk.

In addition to the above, policies and procedures have been put in place for establishing channels for encouraging and facilitating employees to raise concerns or report a possible breach of law or regulations with appropriate measures to protect such whistle blower.

17. BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report, in terms of Regulation 34(2)(f) of the Listing Regulations, describing the initiatives taken by the Company from an environmental, social and governance perspective is attached as part of the Annual Report.

18. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In accordance with Regulation 34 of the Listing Regulations and Non-Banking Financial Company -

Systemically Important Non-Deposit taking Company and Deposit taking Company Directions, 2016, as amended ("RBI Master Directions"), the Management Discussion and Analysis Report is attached as part of the Annual Report.

19. DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of Directors of the Company are eminent persons of proven competence and integrity. Besides experience, strong financial acumen, strategic astuteness and leadership qualities, they have a significant degree of commitment to the Company and devote adequate time to meetings and preparation. In terms of the requirement of the Listing Regulations, the Board has identified core skills, expertise and competencies of the Directors in the context of the Company's business for effective functioning, which are detailed in the Corporate Governance Report. The Board meets at regular intervals to discuss and decide on Company/business Policy and strategy, apart from other Board business. The Board exhibits strong operational oversight with regular business presentations of meetings. The Company has complied with secretarial standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

a. Directors

As on March 31, 2022, the Board comprises of nine (9) Directors out of which six (6) are Independent Directors including one (1) Woman Director.

The Board comprises of Mr. Arun Kumar Purwar –Independent Director & Chairman, Mr. Nirmal Jain and Mr. R Venkataraman as Executive Directors of the Company in their capacity of Managing Director and Joint Managing Director, respectively. Mr. Nilesh Vikamsey, Mr. Vijay Kumar Chopra, Ms. Geeta Mathur, Mr. Vibhore Sharma and Mr. Ramakrishnan Subramanian as Independent Directors. Mr. Chandran Ratnaswami is a Non-Executive Director of the Company. The Board composition is in compliance with the requirements of the Act, Listing Regulations and the RBI Master Directions.

The Board is of the opinion that the Independent Directors of the Company have the required integrity, expertise and experience (including the proficiency).

b. Key Managerial Personnel

Mr. Nirmal Jain – Managing Director, Mr. R Venkataraman - Joint Managing Director, Mr. Rajesh Rajak – Chief Financial Officer and Ms. Sneha Patwardhan - Company Secretary are the Key Managerial Personnel as per the provisions of the Act and Rules framed thereunder.

c. Appointment and Cessation of Directors and Key Managerial Personnel

Appointment/Re-appointment:

In accordance with Section 152 of the Act read with Article 157 of the Articles of Association of the Company, Mr. Chandran Ratnaswami is liable to retire by rotation at the ensuing AGM and being eligible has offered himself for re-appointment. The Board recommends the same for the approval of Members.

Mr. Vibhore Sharma and Mr. Ramakrishnan Subramanian were appointed as Additional Directors (Non-Executive Independent) on the Board w.e.f. July 01, 2021 and September 06, 2021 respectively and subsequently the Members at their Extra Ordinary General Meeting of the Company held on September 30, 2021 approved their appointment as Non-Executive Independent Director(s) w.e.f. July 01, 2021 and September 06, 2021 respectively.

Further, pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2022, the Chairman of the Board may be a Non-Executive Director and not related to the Managing Director or the Chief Executive Officer. As a measure of good corporate governance practices, the Company suo moto appointed Mr. Arun Kumar Purwar as Chairman of the Board w.e.f. April 01, 2022.

Further during the year, the Board of Directors approved appointment of Mr. Nirmal Jain as Managing Director of the Company for the period of five (5) years and change in designation of Mr. R Venkataraman as Joint Managing Director of the Company for his remaining tenure w.e.f. April 01, 2022, respectively. Approval of the Members by ordinary resolutions for regularization of the appointment of Mr. Nirmal Jain as Managing Director and change in designation of Mr. R Venkataraman as Joint Managing Director has been sought in the Notice convening the 27th AGM of the Company.

Cessation:

During the year, Mr. Nagarajan Srinivasan resigned from the Board of Directors of the Company w.e.f.

June 15, 2021. The Board placed on record its deep appreciation and gratitude for the valuable contribution made by him.

20. MEETING OF DIRECTORS & COMMITTEES/BOARD EFFECTIVENESS

➢ Meetings of the Board of Directors

During the year under review, the Board met Seven (7) times to discuss and approve various matters including financials, appointment of auditor, declaration of dividend, review of audit reports and other board businesses. For further details, please refer to the report on Corporate Governance forming part to this Annual Report.

➢ Committees of the Board

The Board has set up various Committees and delegated powers and assigned roles and responsibilities and has layered down well documented terms of references. All the Committees are chaired by the Independent Directors except Asset Liability Management Committee which is chaired by Mr. R Venkataraman, Joint Managing Director pursuant to RBI circular dated November 04, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies. Audit Committee, Risk Management Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee are chaired by different Independent Directors.

The Chairperson of respective Committees report to the Chairman of the Board who is an Independent Director and apprise the Board about the key highlights and decisions taken by the Committees.

In accordance with the applicable provisions of the Act and Listing Regulations and RBI Master Directions, the Board constituted the following Committees:

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Stakeholders' Relationship Committee
- Risk Management Committee
- Asset Liability Management Committee
- IT Strategy Committee

Audit Committee

The Audit Committee comprises of Mr. Nilesh Vikamsey, (Chairman of the Committee), Ms. Geeta Mathur, Mr. Arun Kumar Purwar and Mr. Ramakrishnan Subramanian. All the Members of the Audit Committee are Independent Directors.

The composition of the Audit Committee, role, terms of reference and powers of the Audit Committee are in conformity with the requirements of the Act, Listing Regulations and RBI Master Directions and the same has been provided in the Corporate Governance Report which forms part of this Annual Report.

During the year under review, the Audit Committee reviewed the internal control put in place to ensure that the accounts of your Company are properly maintained and are in accordance with the prevailing Laws and Regulations. In conducting such reviews, the Committee found no material discrepancy or weakness in the Internal Control system of your Company.

During the year under review, the Committee met and discussed on various matters including financials, internal audit reports and audit report. During the period under review, the Board of Directors of the Company accepted all the recommendations of the Audit Committee.

The details of Committee meetings held during the year under review and quorum are provided in the Corporate Governance Report which forms part of this Annual Report.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of Mr. Vijay Kumar Chopra (Chairman of the Committee), Mr. Nilesh Vikamsey and Mr. Arun Kumar Purwar. All the Members of the Nomination and Remuneration Committee are Independent Directors.

The composition, terms of reference and powers of the Nomination and Remuneration Committee are in conformity with the requirements of the Act, Listing Regulations and RBI Master Directions and the same has been provided in the Corporate Governance Report which forms part of this Annual Report.

The Board has, on the recommendation of the Nomination and Remuneration Committee framed a Nomination and Remuneration Policy in compliance with the aforesaid provisions for selection and appointment of Directors, Key Managerial Personnel, Senior Management Personnel of the Company. The Nomination and Remuneration Policy is attached to this Annual Report and is also available on the website of the Company i.e. https://storage.googleapis.com/iifl-finance-storage/files/2021-03/Nomination_and_Remuneration_Policy.pdf

The said Policy, the details of Committee meetings held during the year under review and quorum are provided in the Corporate Governance Report which forms part of this Annual Report.

CSR Committee

The CSR Committee comprises of Mr. Vibhore Sharma, Independent Director (Chairman of the Committee), Mr. R Venkataraman, Joint Managing Director, Mr. Nilesh Vikamsey, Independent Director and Mr. Vijay Kumar Chopra, Independent Director .

The composition, role, terms of reference and powers of CSR Committee are in conformity with the requirements of the Act and same is provided in Corporate Governance Report which forms part of this Annual Report.

The Committee has approved CSR Policy of the Company and the same is available on the website of the Company i.e. www.iifl.com. The Annual Report on CSR activities in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached as **"Annexure-I"** to this report.

The details of Committee meeting held during the year under review and quorum are provided in the Corporate Governance Report which forms part of this Annual Report.

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee comprises of Mr. Arun Kumar Purwar, Independent Director (Chairman of the Committee), Mr. Vijay Kumar Chopra, Independent Director and Mr. R Venkataraman, Joint Managing Director.

The composition, role, terms of reference and powers of the Stakeholders' Relationship Committee are in conformity with the requirements of the Act and Regulation 20 of the Listing Regulations and the same has been provided in the Corporate Governance Report which forms part of this Annual Report.

The details of Committee meeting held during the year under review, quorum and status of complaints are provided in the Corporate Governance Report which forms part of this Annual Report.

Risk Management Committee

The Risk Management Committee comprises of Ms. Geeta Mathur, Independent Director (Chairperson of the Committee), Mr. R Venkataraman, Joint Managing Director, Mr. Nilesh Vikamsey, Independent Director, Mr. Ramakrishnan Subramanian, Independent Director and Mr. Sanjeev Srivastava, Chief Risk Officer.

The composition, role, terms of reference and powers of the Risk Management Committee are in conformity with the requirements of Regulation 21 of the Listing Regulations and RBI Master Directions and the same has been provided in the Corporate Governance Report which forms part of this Annual Report.

The details of Committee meetings held during the year under review and quorum are provided in the Corporate Governance Report.

Asset Liability Management Committee

The Asset Liability Management Committee ("ALCO") comprises of Mr. R Venkataraman, Joint Managing Director (Chairman of the Committee), Mr. Vijay Kumar Chopra, Independent Director, Mr. Arun Kumar Purwar, Independent Director, Mr. Ramakrishnan Subramanian, Independent Director, Mr. Rajesh Rajak, Chief Financial Officer, Mr. Sanjeev Srivastava, Chief Risk Officer and Mr. Govind Modani, V.P. Treasury.

The composition, role, terms of reference and powers of the ALCO are in conformity with the requirements of the provisions of RBI Master Directions and Asset Liability Management ("ALM") System for NBFCs – Guidelines and the same has been provided in the Corporate Governance Report which forms part of this Annual Report.

The details of Committee meetings held during the year under review and quorum are provided in the Corporate Governance Report which forms part of this Annual Report.

IT Strategy Committee

The IT Strategy Committee comprises of Mr. Vibhore Sharma, Independent Director, (Chairman of the Committee), Mr. Nilesh Vikamsey, Independent Director, Ms. Geeta Mathur, Independent Director, Mr. Arun Kumar Purwar, Independent Director, Mr. Ramakrishnan Subramanian, Independent Director, Mr. Aditya Sisodia, Chief Information Officer/Chief Technology Officer, Mr. Mitesh Vora, Head – IT Infrastructure, Mr. Sanjeev Srivastava, Chief Risk Officer and Mr. Shanker Ramrakhiani, Chief Information Security Officer.

DIRECTORS' REPORT (Contd.)

The composition, role, terms of reference and powers of the IT Strategy Committee are in conformity with the requirements of the Master Direction - Information Technology Framework for the NBFC Sector issued by the RBI and the same has been provided in the Corporate Governance Report which forms part of this Annual Report.

The details of Committee meetings held during the year under review and quorum are provided in the Corporate Governance Report which forms part of this Annual Report.

Besides the aforesaid Committees, the Board of Directors of the Company has constituted Committees comprising of Senior Management Persons for day to day operations of the Company viz. Finance Committee, Group Credit Committee, Credit Committee, Environment Social and Governance Committee, etc.

➢ Board Effectiveness

- **Familiarization Program for the Independent Directors**

  In compliance with the requirements of Listing Regulations, the Company has put in place a Familiarization Programme for Independent Directors to familiarize them with the working of the Company, their roles, rights and responsibilities vis-à-vis the Company, the industry in which the Company operates and business model etc.

  On a quarterly basis, presentations are made at the meeting of Board and Committees, on business, operations and performance updates of the Company and the group, important developments in the subsidiaries, relevant statutory and regulatory changes applicable to the Company, update on important legal matters pertaining to the Company and its subsidiaries.

  Details of the Familiarization Programme are provided in the Corporate Governance Report and are also available on the website of the Company i.e. www.iifl.com

- **Board Evaluation and outcome**

  Pursuant to the provisions of the Act and Listing Regulations and SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated January 05, 2017, the Board of Directors has carried out an annual performance evaluation of its own performance, the Directors individually including Independent Directors based out of the criteria and framework adopted by the Board. The Board approved the evaluation results as collated by the Nomination and Remuneration Committee. The evaluation process, manner and performance criteria for Independent Directors in which the evaluation has been carried out is explained in the Corporate Governance Report.

  The Board considered and discussed the inputs received from the Directors. Also, the Independent Directors at their Meeting held on March 24, 2022 reviewed the following:

  (a) Performance of Non-Independent Directors, various Committee of Board and the Board as a whole.

  (b) Performance of the Chairperson of the Company.

  (c) Assessed the quality, quantity and timeliness of flow of information between the Company's management and the Board, which is necessary for the Board to effectively and reasonably perform their duties.

  The Board was satisfied with overall management and functioning of the Committees. The Committees are functioning well and besides covering the mandatory terms of reference, important issues and relevant updates are also discussed periodically in the Committee meetings. Further, the contribution made by the Directors in their individual capacities were also found to be satisfactory.

  The Independent Directors expressed their satisfaction with overall functioning and implementations of their suggestions.

  The evaluation process endorsed the Board Members' confidence in the ethical standards of the Company, the cohesiveness that exists amongst the Board Members, the two-way candid communication between the Board and the management and the openness of the management in sharing strategic information to enable Board Members to discharge their responsibilities.

- **Declaration by Independent Directors**

  The Company has received necessary declaration from each Independent Director of the Company that they meet the criteria of independence laid down in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations.

  The above declarations were placed before the Board and in the opinion of the Board all the Independent Directors fulfils the conditions specified under the Act and the Listing Regulations and are Independent to the management and that there has been no change in the circumstances or situation, which exist or may be reasonably anticipated, that could impair or impact the ability to discharge their duties with an objective of independent judgment and without any external influence.

  All the Independent Directors of the Company have registered themselves on the Independent Directors' Databank mandated by the Indian Institute of Corporate Affairs as per the requirements of Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014.

- **Fit and Proper Criteria & Code of Conduct**

  Your Company has received undertaking and declaration from each Director on fit and proper criteria in terms of the provisions of RBI Master Directions. The Board of Directors has confirmed that all existing Directors are fit and proper to continue to hold the appointment as Directors on the Board, as reviewed and recommended by the Nomination and Remuneration Committee on fit and proper criteria under RBI Master Directions.

  All the Directors of the Company have affirmed compliance with the Code of Conduct of the Company. The Declaration of the same is provided in the Corporate Governance Report which forms part of this Annual Report.

- **Board Diversity**

  The Company recognizes and embraces the importance of a diverse Board in its success. The Company believes that a truly diverse Board will leverage difference in thought, perspective, knowledge, skills, regional and industry experience, cultural and geographical backgrounds, age, ethnicity, race, gender that will help us retain our competitive advantage. The Policy adopted by the Board sets out its approach to diversity. The Policy is available on the website of the Company i.e. www.iifl.com.

- **Remuneration Policy and criteria for selection of candidates for appointment of Directors**

  The Company has in place Policy for remuneration of Directors and Key Managerial Personnel as well as a well defined criterion for the selection of candidates for appointment to the said positions, which has been approved by the Board.

  The nomination and remuneration Policy has been disclosed in the Corporate Governance Report which forms part of this Annual Report and is also available on the website of the Company i.e. https://storage.googleapis.com/iifl-finance-storage/files/2021-03/Nomination_and_Remuneration_Policy.pdf

21. RISK MANAGEMENT

Your Company has a well-defined risk management framework in place and a robust organizational structure for managing and reporting on risks.

The Risk Management Committee comprises majorly of Independent Directors with Ms. Geeta Mathur, Independent Director as the Chairperson, Mr. R Venkataraman, Joint Managing Director, Mr. Nilesh Vikamsey, Independent Director, Mr. Ramakrishnan Subramanian, Independent Director and Mr. Sanjeev Srivastava, Chief Risk Officer.

The role, terms of reference and powers of the Risk Management Committee are in conformity with the requirements of Regulation 21 of the Listing Regulations and RBI Master Directions and the same has been provided in the Corporate Governance Report. The Risk Management Committee is authorized to monitor and review risk management plan and is also empowered, inter alia, to review and recommend to the Board the modifications to the Risk Management Policy. The Risk Management Policy is approved by the Board and inter alia, includes identification of risks, including strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks which have been identified and assessed. Risk management process has been embedded across all the major functions and has been established across the Company designed to identify, assess and frame a response to threats that affect the achievement of its objectives.

The details of Committee meetings held during the year under review are provided in the Corporate Governance Report which forms part of this Annual Report.

22. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

The Company has put in place a Policy for Related Party Transactions ("RPT Policy"), amended from time to time. The Policy provides for identification of Related Party Transactions ("RPTs"), necessary approvals by the Audit Committee/Board/Members, reporting and disclosure requirements in compliance with the Act and provisions of the Listing Regulations. The said Policy can be accessed on the website of the Company i.e. https://storage.googleapis.com/iifl-finance-storage/files/2022-05/Policy_on_Related_Party_Transactions.pdf

All contracts executed by the Company during the year under review with related parties were on arm's length basis and in the ordinary course of business. All such RPTs were placed before the Audit Committee/Board for approval, wherever applicable. The Audit Committee reviews all RPTs quarterly.

The disclosure of RPTs as required under Section 134(3)(h) of the Act in Form AOC-2 is not applicable to your Company. You may refer to note no. 42 and note no. 41 to the Standalone Financial Statements and Consolidated Financial Statements respectively, which contain related party disclosures.

The Company has obtained the Member's approval on Material RPT(s) in the previous AGM.

Considering the Company being NBFC and its nature of business and operations, the Company will continue entering into various RPTs in the ordinary course of business and accordingly the Company has sought approval from Members for Material RPTs and details of the same can be sought from the Notice convening the AGM of the Company.

23. ANNUAL RETURN

Pursuant to Section 92(3) of the Act and the Rules framed thereunder, as amended from time to time, the Annual Return of the Company in prescribed Form MGT-7 is available on the website of the Company i.e. www.iifl.com.

24. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments affecting the financial position of the Company, which had occurred between the end of the Financial Year of the Company to which the financial statements relate and the date of this Annual Report.

25. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on energy conservation, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed as **"Annexure–V"** and forms part of this Report.

26. WHISTLE BLOWER POLICY/VIGIL MECHANISM

Pursuant to Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of the Listing Regulations, the Company has adopted a Whistle Blower Policy/Vigil Mechanism and has established the necessary vigil mechanism for Directors, Employees and Stakeholders of the Company to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics Policy. The Company has disclosed the Policy on the website of the Company i.e. www.iifl.com.

DIRECTORS' REPORT (Contd.)

27. CREDIT RATING

The Company's financial discipline and prudence is reflected in the strong credit ratings prescribed by rating agencies. The following Credit ratings were assigned to the Company as on March 31, 2022.

Rating Agency	Product	Rating as on March 31, 2022	Rating as on March 31, 2021
CARE	Non-Convertible Debentures	CARE AA Stable	CARE AA Negative
	Long Term Bank Facilities	CARE AA Stable	CARE AA Negative
	Subordinate Debt	CARE AA Stable	CARE AA Negative
ICRA Limited	Non-Convertible Debentures	[ICRA]AA (Stable)	[ICRA]AA (Negative)
	Commercial Paper	[ICRA]A1+	[ICRA]A1+
	Subordinate Debt	[ICRA]AA (Stable)	[ICRA]AA (Negative)
	Long Term Bank Lines	[ICRA]AA (Stable)	[ICRA]AA (Negative)
	Long Term Principle Protected Equity Linked Debenture	PP-MLD[ICRA] AA (Stable)	PP-MLD [ICRA AA (Negative)
	Long Term Principle Protected Market Linked Debenture	PP-MLD[ICRA] AA (Stable)	PP-MLD [ICRA]AA (Negative)
	Commercial Paper (IPO Financing)	[ICRA]A1+	[ICRA]A1+
CRISIL Limited	Non-Convertible Debentures	CRISIL AA/Stable	CRISIL AA/Stable
	Subordinate Debt	CRISIL AA/Stable	CRISIL AA/Stable
	Long Term Principal Protected Market Linked Debentures	CRISIL PP-MLD AAr/ Stable	CRISIL PP-MLD AAr/Stable
	Commercial Paper (IPO Financing)	CRISIL A1+	CRISIL A1+
	Commercial Paper	CRISIL A1+	CRISIL A1+
	Total Bank Loan Facilities Rated (Long Term Rating)	CRISIL AA/Stable	CRISIL AA/Stable
Brickwork Ratings	Non-Convertible Debentures (Public Issue)	BWR AA+ Negative	BWR AA+ Negative
	Non-Convertible Debentures	BWR AA+ Negative	BWR AA+ Negative
	Secured Non-Convertible Debentures	BWR AA+ Negative	BWR AA+ Negative
	Unsecured Subordinated Non-Convertible Debentures	NA	BWR AA+ Negative
Moody's	Corporate Family Rating (CFR)	B2 / Stable	B2 / Stable
	Long-term foreign-and local-currency senior secured ratings to US$ 1 Billion Medium Term Note (MTN) program.	B2 / Stable	B2 / Stable
Fitch	Senior secured notes issued under US$ 1 Billion Medium Term Note (MTN) Programme	B+ / Stable	B+ / Stable
	Senior secured notes issued under US$ 400 Million bond	B+ / Stable	B+ / Stable

- During the year, CARE & ICRA reaffirmed the rating and has revised the outlook from Negative to Stable.

DIRECTORS' REPORT (Contd.)

28. PREVENTION OF SEXUAL HARASSMENT

Your Company recognizes its responsibility and continues to provide a safe working environment for women, free from sexual harassment and discrimination. In Compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has put in place a Policy on prevention of Sexual Harassment of Women at workplace and has duly constituted an Internal Complaints Committee under the same.

The Company also provides for mandatory online training on prevention of sexual harassment for every new joinee, as well as all employees on an annual basis.

The details of complaints received during FY 2021-22 pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are provided in the Corporate Governance Report.

29. PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in **"Annexure–VI"** to this report.

Further, a statement showing the names and other particulars of employees drawing remuneration in excess of the limits as set out in the Rules 5(2) and 5(3) of the aforesaid Rules, forms part of this report. However, in terms of first proviso to Section 136(1) of the Act, the Annual Report and accounts are being sent to the Members and others entitled thereto, excluding the aforesaid information.

The said information is available for inspection by the Members and any Member interested in obtaining a copy thereof, may write to the Company Secretary at shareholders@iifl.com.

30. STATUTORY AUDITORS

M/s. V Sankar Aiyar & Co, Chartered Accountants (Firm Registration Number 109208W) were appointed as the Statutory Auditors of the Company by the Members at the 25th AGM of the Company held on June 30, 2020 for a period of five (5) years from the conclusion of the 25th AGM till the conclusion of the 30th AGM to be held in the year 2025.

The RBI has vide its Circular No. RBI/2021-22/25 Ref. No.DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, issued the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) ("RBI Guidelines"). As per para 8.1 of the said circular, the NBFCs were required to appoint the SAs for a continuous period of three (3) years, subject to the firms satisfying the eligibility norms each year. Whereas, the audit firms which had already completed tenure of one (1) year, were permitted to complete the balance tenure only i.e. two (2) years.

In view of the above, the Members at the Extra Ordinary General Meeting of the Company held on September 30, 2021, revised the term of office for M/s. V Sankar Aiyar & Co, Chartered Accountants (Firm Registration Number 109208W), from a term of five (5) years to a term of three (3) years i.e. three (3) years from FY 2020-21 till (and including) FY 2022-23 and that for the remainder of this revised term, M/s. V Sankar Aiyar & Co, Chartered Accountants (Firm Registration Number 109208W) should act as the Joint Statutory Auditors of the Company.

Further, pursuant to the said RBI Guidelines, the statutory audit of the entities with asset size of ₹ 15,000 Crore and above as at the end of previous year, should be conducted under joint audit of a minimum of two audit firms. Accordingly, based on recommendation of the Audit Committee and approval of the Board of Directors at their respective meetings held on July 27, 2021, M/s. Chhajed & Doshi, Chartered Accountants (Firm Registration Number 101794W) were appointed as the Joint Statutory Auditors of the Company, by the members at the Extra Ordinary General Meeting of the Company held on September 30, 2021, for a continuous period of three (3) years w.e.f. FY 2021-22 till and including the FY 2023-24.

M/s. V Sankar Aiyar & Co and M/s. Chhajed & Doshi have also confirmed that they hold a valid peer review certificate as prescribed under Listing Regulations. The Joint Statutory Auditors have confirmed that they continue to satisfy the eligibility norms and independence criteria as prescribed by RBI guidelines and the Act.

The Audit for FY 2021-22 was conducted by M/s. V Sankar Aiyar & Co and M/s. Chhajed & Doshi, Joint Statutory Auditors of the Company and that there are no qualifications, reservations, adverse remarks or disclaimers made by the Joint Statutory Auditors in their Audit Report. The Notes to the financial statements referred in the Auditors Report are self-explanatory and therefore do not call for any comments under

Section 134 of the Act The Joint Statutory Auditors' Report is enclosed with the financial statements in the Annual Report.

31. SECRETARIAL AUDIT

The Board had appointed M/s. Nilesh Shah & Associates, Practicing Company Secretaries to conduct Secretarial Audit of the Company for FY 2021-22. The Secretarial Auditor had conducted the audit and their report was placed before the Board. The report of the Secretarial Auditor is annexed herewith as **"Annexure–II"** to this report. There are no qualifications or observations in the report.

Pursuant to Regulation 24A of the Listing Regulations, a listed company is required to annex a secretarial audit report of its material unlisted subsidiary to its Directors' Report. The Secretarial Audit Reports of the material subsidiaries of the Company i.e. IIFL Home Finance Limited and IIFL Samasta Finance Limited for FY 2021-22 is annexed herewith as **"Annexure–III" & "Annexure-IV"** respectively to this Report.

32. REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Joint Statutory Auditors and the Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under Section 143(12) of the Act, details of which needs to be mentioned in this Report.

33. RBI DIRECTIONS

Your Company complies with the direction(s), circular(s), notification(s) and guideline(s) issued by the RBI as applicable to your Company as a Systemically Important Non-Deposit taking NBFC.

The Company has in place the system of ensuring compliance with applicable provisions of Foreign Exchange Management Act, 1999 and rules made thereunder as amended from time to time.

34. CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by Securities and Exchange Board of India. The Company has also implemented several best Corporate Governance practices as prevalent globally. The report on Corporate Governance as stipulated under the Listing Regulations and the RBI Master Directions forms an integral part of this Report. The requisite certificate from M/s. Nilesh Shah & Associates, Practicing Company Secretaries confirming compliance with the conditions of Corporate Governance is attached to the report on Corporate Governance.

Your Company has complied with all the norms prescribed by the RBI including the Fair Practices Code, Anti Money Laundering and Know Your Customer ("KYC") guidelines besides other guidelines.

35. COMPLIANCE WITH THE SECRETARIAL STANDARDS

The Board of Directors affirms that the Company has complied with the applicable mandatory Secretarial Standards issued by the Institute of Company Secretaries of India.

36. DEPOSITS

During the period under review, your Company did not accept/renew any deposits within the meaning of Section 73 of the Act and the Rules made thereunder.

37. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(5) of the Act and to the best of their knowledge and belief and according to the information and explanation obtained by your Directors, your Directors hereby confirm that:

a) in the preparation of the annual accounts, the applicable accounting standards had been followed and there were no material departures;

b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit of the Company for that period;

c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the directors had prepared the annual accounts on a going concern basis;

e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DIRECTORS' REPORT (Contd.)

38. GENERAL

Your Directors state that during the Financial Year 2021-22:

(i) The Company has not issued equity shares with differential rights as to dividend, voting or otherwise.

(ii) The Company has not issued any sweat equity shares during the year.

(iii) There are no significant and material orders passed against the Company by the Regulators or Courts or Tribunals, which would impact the going concern status of the Company and its future operations.

(iv) The Central Government has not prescribed the maintenance of cost records for any of the products of the Company under sub-section (1) of Section 148 of the Act and the Rules framed thereunder.

(v) There is no change in nature of business of the Company during the year.

(vi) The Company has not defaulted in repayment of loans from banks and financial institutions.

(vii) There were no delays or defaults in payment of interest/principle of any of its debt securities.

(viii) The details of Debenture Trustees of the company are as follows:

Particulars	Catalyst Trusteeship Limited	IDBI Trusteeship Services Limited	Milestone Trusteeship Services Private Limited	HSBC Limited	Vistra ITCL (India) Limited
Address	GDA House, 1st Floor, Plot No. 85 S. No. 94 & 95, Bhusari Colony (right), Kothrud, Pune – 411038	Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai- 400001	GDA House, 1st Floor, Plot No. 85 S. No. 94 & 95, Bhusari Colony (right), Kothrud, Pune– 411038	Level 24, HSBC Main Building, 1 Queen's Road, Central Hong Kong.	6th Floor, The IL&FS Financial Center , Plot No. C–22, G Block, Bandra Kurla Complex Bandra (East), Mumbai 400051
Contact Details	+912249220555	+912240807001	+912262886119	+85228418100	+912269300000
Email ID	complianceCTL-Mumbai@ctltrustee.com	itsl@idbitrustee.com	COMPLIANCE@MILESTONETRUSTEE.IN	isvmenatbd@hsbc.com	VistraITCL.Support@vistra.com
Website	www.catalysttrustee.com	www.idbitrustee.com	www.milestonetrustee.in	www.gbm.hsbc.com	www.vistraitcl.com

39. APPRECIATION

Your Directors place on record their sincere appreciation for the assistance and guidance provided by the Reserve Bank of India, the Ministry of Corporate Affairs, the Securities and Exchange Board of India, government and other regulatory Authorities, stock exchanges, other statutory bodies, Company's bankers, Members and employees of the Company for the assistance, cooperation and encouragement and continued support extended to the Company.

Your Directors also gratefully acknowledge all stakeholders of the Company viz. customers, Members, dealers, vendors, banks and other business partners for the excellent support received from them during the year. Our employees are instrumental in helping the Company scale new heights, year after year. Their commitment and contribution is deeply acknowledged. Your involvement as Members is also greatly valued. Your Directors look forward to your continuing support.

For and on behalf of the Board

Arun Kumar Purwar
Chairman & Independent Director
(DIN: 00026383)

Date: April 28, 2022
Place: Mumbai

ANNEXURE – I TO DIRECTORS' REPORT

The Annual Report on Corporate Social Responsibility (CSR) Activities of IIFL Finance Limited

[Pursuant to clause (o) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. OUTLINE OF CSR POLICY:

The CSR Policy and projects of IIFL Finance Limited ("the Company") are steered by the same values that guide the business of IIFL Finance & its subsidiaries. It can be summarized in one acronym – FIT, which stands for:

- **Fairness** in all our transactions
- **Integrity** and Honesty in letter, in spirit and in all our dealings with people
- **Transparency** in all our dealings with various stakeholders

By applying these values to the CSR projects, the Company, undertakes initiatives that create sustainable growth and empowers underprivileged sections of society.

The focus areas prioritized by the Company in its CSR strategy are given below:

- Literacy initiative for Females
- Development of Medical facilities at Government Hospitals
- Development of Infrastructure at Government Schools
- Introduction of Electricity at Government Schools
- Delivery of vaccines by Drone
- Support to Educational Research Programs
- Fight against outbreak of COVID-19 pandemic
- Support to Shelter Home & Education of financially weaker group
- Development of market place for women to promote livelihood

The CSR Projects of the Company are managed by India Infoline Foundation ("IIFL Foundation"). IIFL Foundation through its CSR initiatives addresses 4 thematic areas – **Health, Education, Livelihood & Poverty Alleviation, collectively** – ***HELP.***

The CSR Policy adopted by the Company is available on the website of the Company i.e. https://storage.googleapis.com/iifl-finance-storage/files/2022-04/CSR_Policy_IIFLFinance_1April2022.pdf

2. COMPOSITION OF THE CSR COMMITTEE:

The Company has constituted a CSR Committee of the Board that fulfils all requirements of Section 135 of the Companies Act, 2013 ("the Act"). The Members constituting the Committee have been listed below:

Sr. No.	Name of Director	Designation/Nature of Directorship	No. of meetings of CSR Committee held during the year	No. of meetings of CSR Committee attended during the year
1.	Mr. Vibhore Sharma[1]	Chairman (Independent Director)	N.A.	N.A.
2.	Mr. R Venkataraman[2]	Member (Joint Managing Director)	1	1
3.	Mr. Nilesh Vikamsey	Member (Independent Director)	1	1
4.	Mr. Vijay Kumar Chopra[3]	Member (Independent Director)	N.A.	N.A.
5.	Mr. Nirmal Jain[4]	Chairman (Managing Director)	1	0

[1]Mr. Vibhore Sharma had been appointed as Chairman and Member of the Committee w.e.f. April 28, 2022.

[2]The designation of Mr. R Venkataraman has been changed from Managing Director to Joint Managing Director w.e.f. April 01, 2022.

[3]Mr. Vijay Kumar Chopra had been appointed as Member of the Committee w.e.f. April 28, 2022.

[4]Mr. Nirmal Jain was appointed as Managing Director of the Company w.e.f. April 01, 2022 and that Mr. Nirmal Jain ceased to be the Chairman and Member of the Committee w.e.f. April 28, 2022.

ANNEXURE – I TO DIRECTORS' REPORT (Contd.)

3. **WEB LINK FOR DETAILS ON COMPOSITION OF CSR COMMITTEE, CSR POLICY AND CSR PROJECTS APPROVED BY THE BOARD:**

   Composition of the CSR Committee mentioned above is available on the website of the Company i.e. https://www.iifl.com/finance/investor-relations/corporate-governance?redirect=menu-bar

   CSR Policy is available on the website of the Company i.e. https://storage.googleapis.com/iifl-finance-storage/files/2022-04/CSR_Policy_IIFLFinance_1April2022.pdf

   Details of CSR projects is available on the website of the Company i.e. https://www.iifl.com/finance/iifl-foundation

4. **IMPACT ASSESSMENT OF CSR PROJECTS IN PURSUANCE OF SUB-RULE (3) OF RULE 8 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014:**

   Further, during the year under review impact assessment was not applicable to the Company. However, the same has been conducted by IIFL Foundation in respect of 'Sakhiyon ki Baadi' program.

5. **AMOUNT AVAILABLE FOR SET OFF:**

   Details of the amount available for set off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the Financial Year, if any:

Sr. No.	Financial Year	Amount available for set-off from preceding Financial Years (in ₹)	Amount required to be set-off for the Financial Year, if any (in ₹)
1.	2021-22	NIL	NIL
2.	2020-21	NIL	NIL
3.	2019-20	NIL	NIL
	TOTAL	**NIL**	**NIL**

6. **AVERAGE NET PROFIT OF THE COMPANY AS PER SECTION 135(5):**

   The average net profit of the Company of the last three Financial Years was calculated to be ₹ 4,08,37,53,860/-

7. **CSR OBLIGATION:**

Sr. No.	Particulars	Amount (in ₹)
a.	Two percent of average net profit of the Company as per Section 135(5)	8,20,00,000/-
b.	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years	NIL
c.	Amount required to be set off for the Financial Year, if any	NIL
d.	**Total CSR obligation for the Financial Year (7a+7b-7c)**	**8,20,00,000/-**

8. **DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR:**

   During the year 2021-22, the Company spent a total of ₹ 5,74,00,000/- on CSR projects. A breakdown of the manner in which this expenditure was made has been depicted in the table given below:

   (a) Amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
5,74,00,000/-	2,46,00,000/-	April 23, 2022	NIL	NIL	NIL

ANNEXURE – I TO DIRECTORS' REPORT (Contd.)

(b) Details of CSR amount spent against ongoing projects for the Financial Year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current Financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/ No)	Mode of Implementation Through Implementing Agency	
				State	District						Name	CSR Registration number
1.	Sakhiyon ki Baadi	Promoting Education	No	Rajasthan	Udaipur, Pratapgarh	4 years	5,42,77,088.17/-	2,96,77,088.17/-	2,46,00,000/-	No	IIFL Foundation	CSR00002470
2.	Phulwari (Maa Bari)	Promoting Education	No	Rajasthan	Sarada	4 years	10,00,000/-	10,00,000/-	Nil	No	IIFL Foundation	CSR00002470
	TOTAL						**5,52,77,088.17/-**	**3,06,77,088.17/-**	**2,46,00,000/-**			

(c) Details of CSR amount spent against other than ongoing projects for the Financial Year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in ₹)	Mode of Implementation – Direct (Yes/No)	Mode of Implementation – Through Implementing Agency	
				State	District			Name	CSR Registration number
1.	IIM Udaipur	Promoting Education	No	Rajasthan	Udaipur	90,00,000/-	No	IIFL Foundation	CSR00002470
2.	Development at Government Hospital	Promoting Healthcare	No	Rajasthan	Udaipur	19,50,000/-	No	IIFL Foundation	CSR00002470
3.	Vaccine delivery using Drone	Promoting Healthcare	No	Maharashtra	Palghar	9,80,000/-	No	IIFL Foundation	CSR00002470
4.	Ambulance	Promoting Healthcare	No	Tamil Nadu	Coimbatore	24,51,530/-	No	IIFL Foundation	CSR00002470
5.	Development of Ophthalmic Ward	Promoting Healthcare	No	Rajasthan	Rajsamand	12,75,000/-	No	IIFL Foundation	CSR00002470
6.	SevaKutir – Learning centre	Promoting Education	No	Madhya Pradesh	Khandwa	34,73,333.33/-	No	IIFL Foundation	CSR00002470
7.	Government School – Science Laboratory	Promoting Education	No	Rajasthan	Rajsamand	10,00,000/-	No	IIFL Foundation	CSR00002470
8.	Solar installation at Government School	Promoting Education	No	Maharashtra	Palghar	11,11,320/-	No	IIFL Foundation	CSR00002470
9.	Mission Conquer Covid – Oxygen Concentrators	Promoting Healthcare	No	Maharashtra	Palghar	24,00,000/-	No	IIFL Foundation	CSR00002470
10.	Cycle Distribution for students (Girls)	Promoting Education	No	Maharashtra	Palghar	1,71,700/-	No	IIFL Foundation	CSR00002470
11.	Shelter Home	Vocational skills among Children	Yes	Maharashtra	Mumbai	10,00,000/-	No	IIFL Foundation	CSR00002470
12.	School for Underprivileged	Promoting Education	Yes	Maharashtra	Mumbai	4,12,200.94/-	No	IIFL Foundation	CSR00002470
13.	Developing Bazaar Hub – Gulabi Gaon	Eradicating Poverty	No	Maharashtra	Nashik	11,88,012.97/-	No	IIFL Foundation	CSR00002470
14.	Vaccination Drive	Promoting Healthcare	Yes	Maharashtra	Mumbai	3,09,814.58/-	No	IIFL Foundation	CSR00002470
	TOTAL					**2,67,22,911.82/-**			

ANNEXURE – I TO DIRECTORS' REPORT (Contd.)

d) Amount spent in Administrative Overheads: **NIL**

e) Amount spent on impact assessment: **NIL**

f) Total amount spent for the Financial Year: ₹ **5,74,00,000/-**

(8b+8c+8d+8e)

g) Excess amount for set off, if any: **NIL**

9. (a) Details of Unspent CSR amount for the preceding three Financial Years:

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135(6) (in ₹)	Amount spent in the Reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding Financial Years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1.	2020-21	-	-	-	-	-	-
2.	2019-20	-	-	-	-	-	-
3.	2018-19	-	-	-	-	-	-
	TOTAL	-	-	-	-	-	-

(b) Details of CSR amount spent in the Financial Year for ongoing projects of the preceding Financial Years:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sr. No.	**Project ID**	**Name of the Project**	**Financial Year in which the project was commenced**	**Project duration**	**Total amount allocated for the project (in ₹)**	**Amount spent on the project in the reporting Financial Year (in ₹)**	**Cumulative amount spent at the end of reporting Financial Year (in ₹)**	**Status of the project - Completed / Ongoing**
1.	IIFL-CSR-SKB01	Sakhiyon ki Baadi	2020-21	4 years	9,00,00,000/-	2,96,77,088.17/-	3,89,21,193.17/-	Ongoing
	TOTAL				**9,00,00,000/-**	**2,96,77,088.17/-**	**3,89,21,193.17/-**	

Brief Description of Key Projects:

i. Sakhiyon ki Baadi - Girl Child illiteracy eradication program:

It is a matter of great concern and shame that girls in large number continue to be out of school and remain illiterate. This problem is particularly severe in the northern State of Rajasthan, we have vowed to change this in the next few years through starting community schools, which are multi grade multi-level schools and set in the villages, making it accessible for girls to get educated. Sakhiyon ki Baadi learning centres are teaching a predefined syllabus which is in alignment with the topics prescribed in the textbooks followed at Government Schools in Rajasthan.

The initiative covertly contributes to conservation of indigenous languages, provides employment to native females and promotes skill building among the marginalized communities. The initiative is helping to meet 3 of the UN's Sustainable Development Goals – Quality Education, Gender Equality and Reduced Inequalities.

ii. Phulwari (Maa Bari):

Partnering with the Tribal Area Development ("TAD") Department of Rajasthan, we have upgraded the 'Maa Bari' learning centres by introducing electricity through installation of Solar panels, facilitated water supply for drinking and sanitation and Digital Learning Tool (TV with preloaded learning videos), both powered by solar energy. On-boarding SAMPARK Foundation as an academic partner, a special emphasis is made to improve learning outcome of students through use of learning kits and regular training to the teachers.

IIFL Foundation launched a scholarship to be awarded to Girls pursuing academic education in 9th grade and upwards till Graduation.

The project is planned to support education of 1,000 girls in the State of Bihar, West Bengal, Odisha, Karnataka, Tamil Nadu, Rajasthan and Maharashtra. A set of selected students studying in 9th and 10th Grade will be awarded a scholarship of ₹ 3,500/- each, while those studying in 11th grade all the way till Graduation shall receive a scholarship amounting to ₹ 5,000/- each.

iii. Development at Government Hospital – Udaipur, Rajasthan:

Developing the dormant wards at the Maharana Bhupal Government Hospital, Udaipur (Rajasthan), to setup Operation Theatres ("OT"), Intensive Care Unit ("ICU"), Outpatient Department ("OPD"), Cabins for Senior Doctors & Resident Doctors and waiting area for family Members of the patients.

The development is carried along with installation of required medical equipment in the OT, OPD and ICU and furnishing of the wards (Ceiling, Flooring, Electrical Fixtures).

iv. Vaccine Delivery using Drone:

IIFL Foundation partnered with Central and State Government to start Maharashtra's first COVID-19 vaccine delivery through drones to reach the inaccessible terrains in Jawhar taluka of Palghar district.

This drone-based vaccine delivery is one of the country's first vaccine delivery operations with a 5 kg payload capacity and range covering 25 kms in 9 minutes, which otherwise takes over 70 minutes to cover by road (due to hilly region & poor road condition).

v. Ambulance:

Donated an Ambulance (Tamil Nadu) to offer free of cost service to marginalized population dwelling in rural settlements.

vi. Development of Ophthalmic Ward (Rural):

IIFL Foundation helped to setup an Ophthalmic Ward at the Primary Health Centre ("PHC") at Khamnore (Rural), Rajasthan. This is the first and only facility of such kind in the Khamnore village, that shall be beneficial to people residing in the rural hamlets in a radius of 30 kms from PHC. In next phase, IIFL Foundation is planning to setup Ophthalmic Surgery ward.

vii. SevaKutir – Learning Centers:

A set of community-based learning centre for holistic development of children from marginalized communities. Children are offered special coaching to excel in academics, given nutritious meals twice a day and engaged in extra-curricular activities. A mini library with collection of 100 books is setup to improve reading and comprehension skills. Special sessions are conducted on value education covering themes as – Self Awareness, Responsibility, Ethics and Morals. The program functions in Khandwa District of Madhya Pradesh.

viii. Development at Government School – Science Laboratory:

To improve infrastructure at Government Schools (Rural) and promote better facilities to students, we are constructing Science Laboratories, Computer room and Sanitation Facility at Government Girls Senior Secondary School (up to 12th Grade), GP – Khamnore, Rajasthan. Each year, over 500 girls will be benefited from this facility and they will be enabled to pursue higher education and subsequently careers in science stream.

ix. Solar Installation at Government Schools:

With this initiative IIFL Foundation intends to provide decentralized energy system to 50 Primary Schools (Government) of Zilla Parishad at Palghar District (From Vikramgad, Jawahar, Mokhada and Wada), to not only fulfil their need for electricity, but also helping to use of digital learning systems (Computers & Android Tablets). The initiative helps to reduce carbon footprint and promotes **SDG 7** – Affordable and Clean Energy.

x. Mission Conquer Covid – Oxygen Concentrators:

IIFL Foundation donated oxygen concentrators at Maharashtra to Primary Health Care Centers ("PHCs") & Government Hospitals. The machines were handed to the local authorities - District Collector (IAS) and Chief Medical & Health Officer ("CMHO") of the respective blocks. The oxygen concentrators were installed at the PHCs & panchayat offices at village level, to save lives of people that tested positive for COVID-19.

ANNEXURE – I TO DIRECTORS' REPORT (Contd.)

xi. School for Under Privileged:

We have been supporting education of the children from the financially weaker section of the community residing at Janupada Vaibhav Nagar locality (slum settlement) located at Kandivali (E), Mumbai. Parents of almost 90% of the enrolled students earn their livelihood through menial occupations and find it difficult to meet financial demands to offer their children quality education.

xii. COVID-19 Vaccination Drive for individuals with special needs:

As part of its Mission Conquer COVID, IIFL Foundation initiated 'Kindness on Wheels' vaccination drive at Mumbai. This initiative was aimed at vaccinating the specially-abled individuals, who had no means or assistance to visit the vaccination centre. A safe and sanitized auto rickshaw service was provided at the doorstep of the specially-abled individual, along with a driver trained to support the individuals with special needs. About 1,000 individuals benefited from this initiative.

Individuals affected from blindness, low vision, hearing impairment, locomotor disability, autism spectrum disorder, cerebral palsy, muscular dystrophy, multiple sclerosis and multiple disabilities (including deaf-blindness), people cured from leprosy were covered in this drive.

10. INCASE OF CREATION OR ACQUISITION OF CAPITAL ASSET, FURNISH THE DETAILS RELATING TO THE ASSET SO CREATED OR ACQUIRED THROUGH CSR SPENT IN THE FINANCIAL YEAR (ASSET-WISE DETAILS):

(a) Date of creation or acquisition of the capital asset(s) – **Not Applicable**

(b) Amount of CSR spent for creation or acquisition of capital asset(s) – **Not Applicable**

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. – **Not Applicable**

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital assets) – **Not Applicable**

11. SPECIFY THE REASON(S), IF THE COMPANY HAS FAILED TO SPEND TWO PER CENT OF THE AVERAGE NET PROFIT AS PER SECTION 135(5):

The unspent amount was pertaining to the ongoing projects and the same would be utilized over the period of three years as stipulated under the Act.

For **IIFL Finance Limited**

Vibhore Sharma	**R Venkataraman**
Chairman of CSR Committee	Joint Managing Director
(DIN: 03314559)	(DIN: 00011919)

Date: April 28, 2022
Place: Mumbai

ANNEXURE – II TO DIRECTORS' REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
IIFL Finance Limited
IIFL House, Sun Infotech Park,
Road No. 16V, Plot No. B-23,
Thane Industrial Area,
Wagle Estate, Thane – 400 604

Dear Sir / Madam,

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good Corporate Governance practice by **IIFL Finance Limited** (hereinafter called **"the Company"**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minutes Books, Forms and Returns filed with regulatory authorities and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended March 31, 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We further report that maintenance of proper and updated Books, Papers, Minutes Books, filing of Forms and Returns with applicable regulatory authorities and maintaining other records is responsibility of management and of the Company. Our responsibility is to verify the content of the documents produced before us, make objective evaluation of the content in respect of compliance and report thereon. We have examined on test basis, the books, papers, minute books, forms and returns filed and other records maintained by the Company and produced before us for the financial year ended March 31, 2022 according to the provisions of:

(i) The Companies Act, 2013 and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, to the extent the same was applicable to the Company;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act,1992 ('SEBI Act'):

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (to the extent applicable);

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (till 12th August, 2021) and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (w.e.f. 13th August, 2021);

(e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;

(f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(g) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

(h) The Securities and Exchange Board of India (Issue and Listing of Debt Securities)

Regulations, 2008 (till 15th August, 2021) and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (w.e.f. 16th August, 2021);

(vi) Provisions of Reserve Bank of India Act, 1934 and Regulations/Guidelines issued by Reserve Bank of India from time to time as applicable to Non-deposit accepting NBFCs.

We have verified systems and mechanism which is in place and followed by the Company to ensure Compliance of these specifically applicable Laws mentioned at serial no. v and vi (in addition to the above mentioned Laws (i to iv) and applicable to the Company) and we have also relied on the representation made by the Company and its Officers in respect of systems and mechanism formed/followed by the Company for compliances of other applicable Acts, Laws and Regulations and found the satisfactory operation of the same.

We have also examined compliance with the applicable clauses of:

(a) Secretarial Standards issued by the Institute of Company Secretaries of India under the provisions of Companies Act, 2013;

(b) Uniform Listing Agreement(s) entered with stock exchanges.

We further Report that, during the year, it was not mandatory on the part of the Company to comply with the following Regulations / Guidelines:

(a) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;

(b) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018;

Based on the above said information provided by the Company, we report that during the financial year under report, the Company has substantially complied with the provisions of the above mentioned Act/s including the applicable provisions of the Companies Act, 2013 and Rules, Regulations, Guidelines, Standards, etc. mentioned above and we have no material observation of instances of non-compliance in respect of the same.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Companies Act, 2013.

We also report that adequate notice was given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and shorter notice in case of urgency and a system exists for Board Members for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Based on the representation made by the Company and its Officers, we herewith report that majority decisions are carried through and proper system is in place which facilitates/ensure to capture and record, the dissenting member's views, if any, as part of the minutes.

Based on the representation made by the Company and its Officers explaining us in respect of internal systems and mechanism established by the Company which ensures compliances of Acts, Laws and Regulations applicable to the Company, we report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period under review, following event / action have taken place having major bearing on the Company's affairs:

I. Private placement of Secured and Unsecured, Redeemable, Non-Convertible Debentures

1. During the year ended March 31, 2022, the Company has allotted 5,000 Secured, Redeemable, Non-Convertible Debentures of Face Value of Rs. 10,00,000 (Rupees Ten Lakhs only) each aggregating to Rs. 5,00,00,00,000 (Rupees Five Hundred Crores only) under Series D13 on June 30, 2021.

2. The Company has allotted 1,000 Secured, Redeemable, Non-Convertible Market Linked Debentures of Face Value of Rs. 10,00,000 (Rupees Ten Lakhs only) each aggregating to Rs. 1,00,00,00,000 (Rupees One Hundred Crores only) under Series D14 on September 07, 2021.

3. The Company has allotted 100 Secured, Redeemable, Non-Convertible Debentures of Face Value of Rs. 10,00,000 (Rupees Ten Lakhs only) aggregating to Rs. 10,00,00,000 (Rupees Ten Crores only) under Series D15 on January 21, 2022.

4. The Company has allotted 600 Secured, Redeemable, Non-Convertible Debentures of Face Value of Rs. 10,00,000 (Rupees Ten Lakhs only) each aggregating to Rs. 60,00,00,000 (Rupees Sixty Crores only) under Series D16 Option A and 50 Unsecured, Subordinated, Redeemable, Non-Convertible Debentures of Face Value of Rs. 1,00,00,000 (Rupees One Crore only) each aggregating to Rs. 50,00,00,000 (Rupees Fifty Crores only) under Series D16 Option B on March 24, 2022.

II. Public Issue of Secured, Redeemable, Non-Convertible Debentures:

During the year ended March 31, 2022, the Company has allotted by the way of public issue 84,29,879 Secured, Redeemable, Non-Convertible Debentures of Face Value of Rs. 1,000/- (Rupees One Thousand only) each aggregating to Rs. 8,42,98,79,000/-

Note: This Report is to be read along with attached Letter provided as **"Annexure - A".**

Signature:
Name: Nilesh Shah
For Nilesh Shah & Associates
Company Secretaries
FCS: 4554
C.P.: 2631
Peer Review No. 698/2020

Date: April 28, 2022
Place: Mumbai
UDIN: F004554D000233750

'ANNEXURE A'

To
The Members,
IIFL Finance Limited
IIFL House, Sun Infotech Park,
Road No. 16V, Plot No. B-23,
Thane Industrial Area,
Wagle Estate, Thane – 400 604

Dear Sir/Madam,

Sub: Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis (by verifying records as was made available to us) to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company and we rely on Auditors Independent Assessment on the same.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of process followed by the Company to ensure adequate Compliance.
6. Due to COVID-19 outbreak, for some of the information, we have relied on the information, details, data, documents and explanation as provided by the Company and its officers and agents in electronic form.
7. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Signature:
Name: Nilesh Shah
For Nilesh Shah & Associates
Company Secretaries
FCS: 4554
C.P.: 2631
Peer Review No. 698/2020

Date: April 28, 2022
Place: Mumbai
UDIN: F004554D000233750

ANNEXURE – III TO DIRECTORS' REPORT

FORM NO. MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2022

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
IIFL Home Finance Limited
(CIN: U65993MH2006PLC166475)
(Formerly known as India Infoline Housing Finance Limited)
IIFL House, Sun Infotech Park, Road No. 16V,
Plot No. B-23, MIDC, Thane Industrial Area,
Wagle Estate, Thane, Maharashtra - 400604

We have conducted the Secretarial Audit in compliance with the applicable statutory provisions and in adherence to good corporate practices by **IIFL Home Finance Limited (Formerly known as India Infoline Housing Finance Limited)** (hereinafter referred to as 'the Company'), having its Registered Office at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B - 23, MIDC, Thane Industrial Area, Wagle Estate, Thane, Maharashtra - 400604. The Secretarial Audit was conducted in a manner that provided us a reasonable foundation for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification, of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended **March 31, 2022,** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022 according to the provisions of:

I. The Companies Act, 2013 ('the Act') and the rules made thereunder;

II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent applicable. Further, there were no compliances required relating to Foreign Direct Investment, Oversees Direct Investment except External Commercial Borrowings during the period under review.

V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") :-

   i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 including the provisions with regard to disclosures and maintenance of records required under the said Regulations; **[Not applicable since the shares of the Company are not listed on any stock exchange during the period under review];**

   ii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

   iii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **[Not applicable since the shares of the Company are not listed on any stock exchange during the period under review];**

   iv. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **[Not applicable since the shares of the Company are not listed on any stock exchange during the period under review];**

   v. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   vi. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

   vii. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of the securities issued;

   viii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **[Not applicable since the shares of the Company are not listed on any stock exchange during the period under review];**

ANNEXURE – III TO DIRECTORS' REPORT (Contd.)

ix. The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018; **[Not applicable since the shares of the Company are not listed on any stock exchange during the period under review].**

VI. Laws specifically applicable to the industry to which the Company belongs, as identified by the management, that is to say:

1. The National Housing Bank Act, 1987;
2. Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021;
3. Guidelines on 'Know Your Customer' & 'Anti Money Laundering Measures' for HFCs;
4. The IRDAI (Registration of Corporate Agents) Regulations, 2015.

For the compliances of Labour Laws & other General Laws, our examination and reporting is based on the documents, records and files as produced and shown to us and the information and explanations as provided to us, by the officers and management of the Company and to the best of our judgment and understanding of the applicability of the different enactments upon the Company, in our opinion there are adequate systems and processes exist in the Company to monitor and ensure compliance with applicable Labour Laws & other General Laws.

The compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this audit since the same have been subject to review by the Statutory Auditor and other designated professionals.

We have also examined compliance with the applicable clauses of the following:

1. Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India. However, the stricter applicability of the Secretarial Standards is to be observed by the Company.
2. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
3. Notification No. G.S.R 186 (E) dated March 19, 2020 read with Notification No. G.S.R 806 (E) dated December 30, 2020 issued by the Ministry of Corporate Affairs to conduct the Meetings of the Board or its committees through Video Conferencing (VC) or other audio-visual means (OAVM).

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above subject to observations elsewhere mentioned in the report.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. The following changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act:

i. Ms. Suvalaxmi Chakraborty (DIN: 00106054), Independent Director of the Company tendered her resignation from the Directorship of the Company with effect from June 15, 2021, and the same was noted in Board Meeting held on July 24, 2021.

ii. Ms. Mohua Mukherjee (DIN: 08714909) had been appointed as an Additional Director (Independent Director of the Company via Circular Resolution No. 02/ Board/2021-22 on August 26, 2021. Further appointment of Ms. Mohua Mukherjee was confirmed in the 24th Extraordinary General Meeting ("EGM") held on September 30, 2021.

Adequate notice(s) were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent generally seven days in advance to all Directors and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings of the Board and Committees of the Board duly signed by the Chairman, all the decisions of the Board were adequately passed and no dissenting views have been recorded.

As per the records, the Company has generally filed all the returns, documents and resolutions, forms, as were required to be filed with the Registrar of Companies and other authorities and all the formalities relating to the same is generally in compliance with the Act.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has following specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. referred to above:-

i. During the period under review, the Board in its meeting held on June 10, 2021 has accorded approval

ANNEXURE – III TO DIRECTORS' REPORT (Contd.)

to invest by way of subscription of 3,05,25,030 (Three Crore Five Lakh Twenty-Five Thousand and Thirty) Equity shares of **Samasta Microfinance Limited,** an Associate Company being 25% of the total issue size at a price of Rs. 16.38/- per equity share aggregating to Rs. 49,99,99,991.40/- on Rights Basis. Further the Finance Committee in its meeting held on March 31, 2022 has accorded approval to invest by way of subscription of 1,38,27,433 (One Crore Thirty-Eight Lakh Twenty-Seven Thousand Four Hundred and Thirty-Three) Equity shares of **Samasta Microfinance Limited,** an Associate Company being 25% of the total issue size at Rs.10/- each at a price of Rs. 18.08 per equity share aggregating to Rs. 25 Crores (Rupees Twenty Five Crore Only) on Rights Basis.

ii. The Finance Committee of the Board in their meeting held on September 17, 2021 provided their consent to incorporate a Wholly Owned subsidiary of the Company named **"IIHFL Sales Limited"** and the same was incorporated on September 28, 2021.

iii. Pursuant to RBI's Circular No. DoS. CO.ARG/SEC.01/08.91.001/2021-22 ("RBI Circular") dated April 27, 2021 the term of office for M/s. M.P. Chitale & Co., Chartered Accountants, (Firm Registration Number:101851W) Statutory Auditors of the Company has been revised from a term of 5 years to a term of 3 years, i.e. till the Financial Year 2022-23 in the Board Meeting dated September 28, 2021. Further for the remainder of this revised term, M/s. MP Chitale & Co. were designated to act as Joint Statutory Auditors of the Company. Also, the said revision in tenure of Auditors, was approved in the 24th Extraordinary General Meeting ("EGM") held on September 30, 2021.

iv. Pursuant to the RBI Circular M/s. Suresh Surana & Associates LLP, Chartered Accountants, (Firm Registration Number: 121750W/W100010) were appointed as Joint Statutory Auditors with the existing Statutory Auditors in the Board Meeting held on September 28, 2021. Further, the appointment of M/s. Suresh Surana & Associates LLP, was confirmed in the 24th Extraordinary General Meeting ("EGM") held on September 30, 2021 and they were appointed as the Statutory Auditors of the Company for a further period of 3 years in the said EGM.

v. During the period under review, the Company has made two allotments of 6,558,231 and 4,043,868 each of Unsecured and Secured Redeemable Non-Convertible Debentures respectively to the Public having value of Rs. 1,000/- (Rupees One Thousand Only) each, aggregating to Rs. 655,82,31,000 in Tranche I and 404,38,68,000 in Tranche II.

vi. The Board of Directors of the Company in its meeting held on January 25, 2022 provided their consent to offer, Secured/Unsecured/ Listed/Unlisted/ Rated/ Unrated/ Non - Convertible/ Market Linked/ Subordinated Debt/ Perpetual Debentures/Fixed Maturity Debentures, aggregating to Rs. 2,000 Crore on private placement basis during the financial year 2022-23, (i.e. April 1, 2022 to March 31, 2023), in one or more tranches and delegated the necessary powers to the Finance Committee.

vii. The Company has declared interim dividend @ Rs. 30 per share on January 25, 2022 in compliance of the applicable provisions stated in the Act.

For RMG & Associates
Company Secretaries
Firm Registration No. P2001DE016100
Peer Review No.: 734 / 2020

Place: New Delhi
Date: 25-04-2022
UDIN: F005123D000198998

CS Manish Gupta
Partner
FCS: 5123; C.P. No.: 4095

Note: This report is to be read with 'Annexure' attached herewith and forms an integral part of this report.

ANNEXURE – I

The Members
IIFL Home Finance Limited
(Formerly known as India Infoline Housing Finance Limited)

Our Secretarial Audit Report of even date, for the financial year ended March 31, 2022 is to be read along with this letter:

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operating effectively.
2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
6. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
7. We have conducted online verification & examination of records, as facilitated by the Company, for the purpose of issuing this Report.

For RMG & Associates
Company Secretaries
Firm Registration No. P2001DE016100
Peer Review No.: 734 / 2020

Place : New Delhi
Date: 25-04-2022
UDIN: F005123D000198998

CS Manish Gupta
Partner
FCS: 5123; C.P. No.: 4095

ANNEXURE – IV TO DIRECTORS' REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the financial year ended 31st March, 2022

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
IIFL SAMASTA FINANCE LIMITED
110/3, Lalbagh Main Road, Krishnappa Layout
Bengaluru- 560027

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IIFL Samasta Finance Limited** (herein after called the **'Company'**). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided and representation made by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2022 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
4. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
    - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations,1992;
    - The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations,2008;
    - The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
    - The Prevention of Money Laundering Act, 2002 and Rules framed there under.
5. Directions, Guidelines and Notifications issued by the Reserve Bank of India from time to time with respect to the 'Non-Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs)

I have also examined compliance with the applicable clauses of the following:

a) Secretarial Standards and Auditing Standards issued by The Institute of Company Secretaries of India;

b) The Listing Agreements entered into by the Company with Bombay Stock Exchange(s) w.r.t. Debt listing.

I further report that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

Further, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, and Independent Directors. There were no changes in the composition of the Board of Directors that took place during the period under review.

Other statutes, Acts, laws, Rules, Regulations, Guidelines and Standards etc., as applicable to the Company are given below:

Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;

(i) Acts as prescribed under Direct Tax and Indirect Tax;

(ii) Acts prescribed under prevention and control of pollution;

(iii) Acts prescribed under environmental protection;

(iv) Land Revenue laws of respective States;

(v) Labour Welfare Act of respective States; and

(vi) Local laws as applicable to various offices of the Company.

ANNEXURE – IV TO DIRECTORS' REPORT (Contd.)

Further, adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the Company has undertaken following events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above:

1. Rights issue made during the year:

Sl. No.	No. of Shares issued	Date of Allotment	Nature of Security
1.	122,100,121	28th June 2021	Equity Shares
2.	41,482,300	30th March 2022	Equity Shares
3.	13,827,433	31st March 2022	Equity Shares

Private Placement of Rated, Listed, Senior, Secured, market linked NCDs made during the year

Sl. No.	No. of debentures issued	Date of Allotment
1.	748	31st May 2021
2.	500	26th October 2021

2. The Authorized Share Capital of the Company was increased from Rs. 4,00,00,00,000 (Rupees Four Hundred Crore only) 39,80,00,000 (Thirty Nine Crore Eighty Lakhs) Equity Shares of Rs. 10 (Rupees Ten Only) each and 20,00,000 (Twenty Lakh) Preference Shares of Rs. 10 (Rupees Ten Only) divided in to 1,45,000 (One Lakh Forty Five Thousand) Redeemable Non-Convertible Cumulative Preference Shares of Rs. 10/- (Rupees Ten only) each aggregating Rs. 14,50,000 (Rupees Fourteen Lakh and Fifty Thousand Only) and 18,55,000 (Eighteen Lakh Fifty-Five Thousand) Preference Shares of Rs. 10/- (Rupees Ten Only) each aggregating to Rs. 1,85,50,000 (Rupees One Crore Eighty-Five Lakh and Fifty Thousand Only) to Rs. 6,00,00,00,000 (Rupees Six Hundred Crore only) 59,80,00,000 (Fifty Nine Crore Eighty Lakhs) Equity Shares of Rs. 10 (Rupees Ten Only) each and 20,00,000 (Twenty Lakh) Preference Shares of Rs. 10 (Rupees Ten Only) divided in to 1,45,000 (One Lakh Forty Five Thousand) Redeemable Non-Convertible Cumulative Preference Shares of Rs. 10/- (Rupees Ten only) each aggregating Rs. 14,50,000 (Rupees Fourteen Lakh and Fifty Thousand Only) and 18,55,000 (Eighteen Lakh Fifty-Five Thousand) Preference Shares of Rs. 10/- (Rupees Ten Only) each aggregating to Rs. 1,85,50,000 (Rupees One Crore Eighty-Five Lakh and Fifty Thousand Only) vide Extra-Ordinary General Meeting held on 24th May 2021.

3. The subscribed and paid-up capital of the Company has increased from 320,81,33,360 to 4,982,231,900 by way of rights issue of 177,409,854 Equity shares issued to IIFL Finance Ltd & IIFL Home Finance Ltd during the reporting period.

4. The Company has altered its Memorandum of Association with respect to Name Clause by changing its name from Samasta Microfinance Limited to IIFL Samasta Finance Limited vide Extra-Ordinary General Meeting held on 24th July 2021.

5. During the reporting period the Company has adopted IIFL Samasta Finance Limited Employee Stock Option Plan– 2021 vide Extra-Ordinary General Meeting held on 27th October 2021.

For Lakshmeenarayan & Co.
Practicing Company Secretaries

Lakshmeenarayan Bhat
Proprietor
FCS No: 10615
CP No. 15003
UDIN: F0102615D000183084

Date: 23rd April 2022
Place: Bengaluru

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

ANNEXURE A'

To,
The Members,
IIFL SAMASTA FINANCE LIMITED
110/3, Lalbagh Main Road, Krishnappa Layout
Bengaluru- 560027

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

7. We have prepared the Secretarial Audit Report based on the Audited Financials with respect to certain financial Transactions, Loans, and advances etc.

For Lakshmeenarayan & Co.
Practicing Company Secretaries

Lakshmeenarayan Bhat
Proprietor
FCS No: 10615
CP No. 15003
Date: 23rd April, 2022
Place: Bengaluru
UDIN: F010615D000183084

ANNEXURE – V TO DIRECTORS' REPORT

Information relating to conservation of energy, technology absorption and innovation and foreign exchange earnings/ outgo forming part of the Directors' Report in terms of Section 134(3)(m) of the Companies Act, 2013.

CONSERVATION OF ENERGY:

IIFL Finance Limited ("the Company") is engaged in providing financial services and, as such, it's operations do not account for substantial energy consumption. However, the Company is taking all possible measures to conserve energy. Several environment friendly measures were adopted by the Company such as:

- Installation of capacitors to save power;
- Introduction of Tablets in branches;
- Installation of Light Emitting Diode ("LED") lights for new branches;
- Reducing electricity demand wherever under-utilized;
- Creating environmental awareness by way of distributing the information in electronic/digital form;
- Minimizing air-conditioning usage;
- Shutting off all lights, when not in use; and
- Education and awareness programs for employees.

The Management frequently puts circulars on the corporate intranet, workplace for its employees, educating them on ways and means to conserve electricity and other natural resources and ensures strict compliance of the same.

TECHNOLOGY ABSORPTION AND INNOVATION:

Information Technology ("IT") in the Company is the core element which drives business growth and forms the backbone of our organization. IT is used as a strategic tool which comprises industry standard business applications and robust IT infrastructure setup which are used to manage business operations which improves our overall productivity and efficiency and provide seamless and world class experience to our customers.

With highly secured information systems and with adequate controls which are currently in place, we are able to manage our nationwide operations efficiently, market effectively to our target customers and effectively monitor and control risks.

The Company remains committed to investing in technology to provide a competitive edge and contribute in business that is scalable. Digital and analytics continue to be the key focus areas to bring in agility, availability and relevance. Data and Cyber Security is also considered as a paramount importance for the organization.

Highlights of the current year:

- Organization released a mobile application for collections that was adopted quite well owing to its ease and speed.
- Customers benefited from computer vision capabilities that have matured in the market to helping auto-fill form basis the documents available. This reduced the time to open new accounts with fewer rework cycles.
- Functionality enhanced of reminder calls to customers to ensure they had money in their account during EMI due dates and many similar intimations were also automated, improving efficiencies for both customer and the organization.
- We utilized our investments in secure remote access technology which has enabled employees to safely work from home without any impact to business operations during the pandemic.
- Robust Business Continuity Framework & Implementation of Secure remote access solution has enabled large chunk of employees to safely work from home with no impact to business operations. Technology teams worked round the clock to ensure systems and Business Applications are working 24/7.
- Organization have strengthened its Information and Cyber Security posture and other risk measures to mitigate potential threats, risks and challenges during this transition to the new way of working.
- The Company successfully completed the ISO 27001:2013 annual recertification in December 2021.
- The Organization complied with various norms of regulatory bodies such as RBI and other applicable regulatory requirements for Information Technology, Business Continuity & Cyber Security requirements.
- Skill development for staff has also been a focus area and various e-learning modules on technology and other business areas are enabled for employees via online training and mobile applications thus ensuring that the learning curve is improved during this period.
- Organization has adopted DevOps methodology for application releases and this has benefited us in terms of quicker release cycles. These DevOps pipelines have additionally provided us increased confidence in our applications releases, while safeguarding the sanctity of the release.
- Next Generation Firewall is implemented to enhance the perimeter security posture.
- Web application Firewall is implemented to enhance the application security posture.

ANNEXURE – V TO DIRECTORS' REPORT (Contd.)

- Content Deliver Network services is implemented to enhance the performance of web portals.
- Brand Protection is implemented to protect the abuse of the IIFL brands.
- DNS Security services is implemented to prevent threats to IIFL from DNS levels.
- Next Generation Antivirus is implemented to enhance the end point security and server protection from Malwares.
- Secure cloud based proxy is implemented to enhance the capability to align the internet Policy at corporate office and broadband branches.
- Anti-Phishing solution implemented to protect users from phishing attacks.
- Organization procured cyber insurance cover to protect against financial loss which may occur because of cyber-attack or data leak.
- Organization ensured there is no business or operations impact due to Covid Wave 2 or Covid Wave 3 situation as robust Business Continuity Plan was already active.
- Sangrah android application (Collection Application) has been developed to record collections on digital platforms for Gold Loan, Small and Medium Enterprise and Digital Finance. Collection officers can collect money, provide customer receipts and deposit to Branch/ Bank.
- IIFL loans application received positive customer's sentiments with improved ratings on Play store 4.0 rating and iOS to 4.4 rating. The application is used to create 20,000+ leads and 30,000+ transactions on a monthly basis.
- Major enhancements done in Gold Loan in ROI Revision Module and Flexi Scheme.
- Major projects of Personal Loan/Digital Finance/Small and Medium Enterprise were executed in the last year as below:
  - Personal Loan cross-sell fully digitalized journey, where we are selling Personal Loan to the existing Gold Loan, Broking and 5Paisa Customers
  - Digital Finance : Foreclosure module added for partners
  - Fraud scorecard implementation in Small and Medium Enterprise
  - Salaried Business Loan product launched in Small and Medium Enterprise
  - eNach integration in Small and Medium Enterprise and Digital Finance

As the Company continues to expand its geographic reach and enhance the scale of operations, it intends to further develop and integrate technology to support growth and improve service quality. Technology is a trusted ally in creating business value.

FOREIGN EXCHANGE EARNINGS/OUTGO OF THE STANDALONE COMPANY:

a) The foreign exchange earnings: Nil

b) The foreign exchange expenditure: ₹ 2,530.56 Million

RESEARCH AND DEVELOPMENT ("R & D"):

The Company is engaged in finance and financial services and so there were no activities in the nature of research and development involved in the business.

Amount of expenditure incurred on Research and Development:

Particulars	March 31, 2022	March 31, 2021
Capital	Nil	Nil
Revenue	Nil	Nil

For **IIFL Finance Limited**

Arun Kumar Purwar
Chairman & Independent Director
(DIN: 00026383)

Date: April 28, 2022
Place: Mumbai

ANNEXURE – VI TO DIRECTORS' REPORT

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sr. No.	Requirement	Disclosures	
I	The ratio of the remuneration of each Director to the median remuneration of the employees for the Financial Year	Managing Director – Mr. Nirmal Jain[1]	286.45
		Joint Managing Director – Mr. R Venkataraman[2]	Nil
		Non-Executive Director(s)[3]	
		Mr. Nilesh Vikamsey	1.69
		Ms. Geeta Mathur	1.69
		Mr. Arun Kumar Purwar	3.71
		Mr. Chandran Ratnaswami	Nil
		Mr. Vijay Kumar Chopra	1.69
		Mr. Nagarajan Srinivasan[4]	N.A.
		Mr. Vibhore Sharma[5]	1.26
		Mr. Ramakrishnan Subramanian[5]	0.96
II	The percentage increase in remuneration of each Director, CFO, CEO, CS in the Financial Year	Managing Director	0%
		Joint Managing Director	N.A.
		Chief Financial Officer	9%
		Company Secretary	9%
		Non-Executive Director(s)	
		Mr. Nilesh Vikamsey	Nil
		Ms. Geeta Mathur	Nil
		Mr. Arun Kumar Purwar	Nil
		Mr. Chandran Ratnaswami	Nil
		Mr. Vijay Kumar Chopra	Nil
		Mr. Nagarajan Srinivasan[4]	N.A.
		Mr. Vibhore Sharma[5]	Nil
		Mr. Ramakrishnan Subramanian[5]	Nil
III	The percentage increase in the median remuneration of employees in the Financial Year	The median remuneration of the employees in the Financial Year was increased by 12%. The calculation of percentage of increase in Median Remuneration is done based on comparable employees. For this, the employees who were not eligible for any increment have been excluded.	
IV	The number of permanent employees on the rolls of the Company	The Company had 15,306 employees on the rolls as on March 31, 2022.	
V	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Not Applicable to the Company as all the employees are under Managerial Role.	
VI	Affirmation that the remuneration is as per the remuneration Policy of the Company	Yes, it is confirmed	

ANNEXURE – VI TO DIRECTORS' REPORT (Contd.)

1. Mr. Nirmal Jain had been appointed as Managing Director of the Company w.e.f. April 01, 2022.
2. The designation of Mr. R Venkataraman had been changed from Managing Director to Joint Managing Director w.e.f. April 01, 2022. Further, Mr. R Venkataraman had also been appointed as the Managing Director of IIFL Securities Limited, another group Company and his entire remuneration was paid by IIFL Securities Limited.
3. Sitting fees is not forming part of calculation of remuneration.
4. Mr. Nagarajan Srinivasan ceased to be Non-Executive Director w.e.f. June 15, 2021.
5. Mr. Vibhore Sharma and Mr. Ramakrishnan Subramanian were appointed as Independent Directors w.e.f. July 01, 2021 and September 06, 2021, respectively.

For **IIFL Finance Limited**

Arun Kumar Purwar
Chairman & Independent Director
(DIN: 00026383)

Date: April 28, 2022
Place: Mumbai

ANNEXURE – VII TO DIRECTORS' REPORT

IIFL FINANCE LIMITED - DIVIDEND DISTRIBUTION POLICY

Purpose & Scope

IIFL Finance Limited has in place Board approved dividend Policy covering the Company and the Subsidiaries as adopted on March 01, 2011. SEBI has recently mandated vide Notification dated July 08, 2016 that top 500 Companies (in terms of market capitalization) need to have a Dividend Distribution Policy in place.

Accordingly, this Policy is to put into place the norms for the determination and declaration of dividend on equity capital by IIFL Finance Limited and its subsidiaries. While considering distribution and payment of dividend, the Company will ensure compliance with all the applicable provisions of the law including provisions of the Companies Act, SEBI, RBI, NHB and Income Tax Rules and Regulations etc related thereto.

Factors/parameters that would be considered while declaring Dividend

I. The financial parameters that shall be considered while declaring dividend

While considering the total dividend at Holding Company and at each of the Subsidiaries the following will be taken into account:

a. The business plan and actual performance, the capital requirements, free cash flow, debt equity ratio (considering new capital, ESOPs, retained earnings, minimum net worth requirements as per respective regulatory requirements etc.)

b. Adequacy of profits including the accumulated balance in Profit & Loss account and

c. Taxes on dividend.

The Board may consider a higher distribution with adequate justification or on special occasions.

II. The circumstances under which the shareholders:

i. May expect dividend:

a. Surplus in Profit & loss (P&L) Statement

b. Profits in any Financial Year are more than 10% of the equity capital of the Company

ii. May not expect dividend:

a. If there are losses as per P&L Statement (including accumulated balance in P&L account)

b. Profit in the any Financial Year is less than 10% of the equity capital.

c. If the total income from business/PAT from its ordinary activities in any Financial Year declines by more than 75% from the previous year.

d. If the business is seriously affected and visibility is uncertain.

III. Internal and external factors that shall be considered for declaration of dividend:

i. Internal Factors:

a. Projected investment in business/new business

b. Projected investments in Subsidiaries/ Associates in the year and next year.

c. Networth/Capital adequacy as required under respective Regulatory requirements.

ii. External Factors:

i. State of Economy/Industry/business

ii. Statutory Taxes/levies – Changes in income tax rates, DDT etc.

IV. The retained earnings shall be utilized for:

i. Proposed Capital expenditure

ii. Investments/acquisitions

iii. General corporate purposes including contingencies

iv. Capital restructuring

V. Parameters that shall be adopted with regard to various classes of shares: The Company has only one class of equity shareholders at present.

Periodicity of distribution

On a yearly basis, the Holding and subsidiary Companies may distribute by way of Interim Dividend/s a substantial portion of the total dividend of the Company. The balance portion will be declared by way of final dividend considering the full year's accounts and will be paid after the approval of shareholders at the Annual General Meeting of the Company.

Disclosures

a. This Policy will be made available on the Company's website.

b. The policy will also be disclosed in the Company's annual report.

ANNEXURE – VII TO DIRECTORS' REPORT (Contd.)

Pursuant to RBI Direction DOR.ACC.REC.No.23.21.02.067/2021-22 dated June 24, 2021 the following direction are being included in the existing dividend policy of the company -

1. The Board of Directors of the Company shall, while considering the proposals for dividend, take into account the following aspects:

   (a) Supervisory findings of the Reserve Bank (National Housing Bank (NHB) for HFCs) on divergence in classification and provisioning for Non-Performing Assets (NPAs).

   (b) Qualifications in the Auditors' Report to the financial statements; and

   (c) Long term growth plans of the NBFC.

   The Board shall ensure that the total dividend proposed for the financial year does not exceed the ceilings specified in the guidelines prescribed by RBI.

   Eligibility criteria

2. Company will comply with the following minimum prudential requirements to be eligible to declare dividend:

   Table 1: Declaration of Dividend: Minimum Prudential Requirements

S.No.	Parameter	Requirement
1	Capital Adequacy	(a) NBFCs (other than Standalone Primary Dealers) shall have met the applicable regulatory capital requirement as per Annex I for each of the last three financial years including the financial year for which the dividend is proposed. (b) Standalone Primary Dealers (SPDs) should have maintained a minimum CRAR of 20 per cent for the financial year (all the four quarters) for which dividend is proposed.
2	Net NPA	The net NPA ratio shall be less than 6 per cent in each of the last three years, including as at the close of the financial year for which dividend is proposed to be declared.
3	Other criteria	(a) NBFCs shall comply with the provisions of Section 45 IC of the Reserve Bank of India Act, 1934. (b) NBFCs shall be compliant with the prevailing regulations/guidelines issued by the Reserve Bank. The Reserve Bank or the NHB (for HFCs) shall not have placed any explicit restrictions on declaration of dividend.

   Quantum of Dividend Payable

3. NBFCs eligible to declare dividend as per paragraph 2 above, may pay dividend, subject to the following:

   (a) The Dividend Payout Ratio is the ratio between the amount of the dividend payable in a year and the net profit as per the audited financial statements for the financial year for which the dividend is proposed.

   (b) Proposed dividend shall include both dividend on equity shares and compulsorily convertible preference shares eligible for inclusion in Tier 1 Capital.

   (c) In case the net profit for the relevant period includes any exceptional and/or extraordinary profits/ income or the financial statements are qualified (including 'emphasis of matter') by the statutory auditor that indicates an overstatement of net profit, the same shall be reduced from net profits while determining the Dividend Payout Ratio.

   (d) The ceilings on dividend payout ratios for NBFCs eligible to declare dividend are as under:

   Table 2: Ceilings on Dividend Payout Ratio

Sl. No.	Type of NBFC	Maximum Dividend Payout Ratio (percentage)
1.	NBFCs that do not accept public funds and do not have any customer interface	No ceiling specified
2.	Core Investment Company	60
3.	Standalone Primary Dealers	60
4.	Other NBFCs	50

(e) The Reserve Bank shall not entertain any request for ad-hoc dispensation on declaration of dividend.

4. A NBFC (other than SPD) which does not meet the applicable prudential requirement prescribed in Paragraph 2 above for each of the last three financial years, may be eligible to declare dividend, subject to a cap of 10 percent on the dividend payout ratio, provided the NBFC complies with the following conditions:

   (a) meets the applicable capital adequacy requirement in the financial year for which it proposes to pay dividend; and

   (b) has net NPA of less than 4 per cent as at the close of the financial year.

   Reporting System

5. NBFC-D, NBFC-ND-SI, HFC & CIC declaring dividend shall report details of dividend declared during the financial year as per the format prescribed in Annex 2. The report shall be furnished within a fortnight after declaration of dividend to the Regional Office of the Department of Supervision of the Reserve Bank/ Department of Supervision of NHB, under whose jurisdiction it is registered.

Amendments to the Policy

The Board shall review and amend this Policy as and when required. Any subsequent amendment/modification in the regulation and/or other applicable laws in this regard shall automatically apply to this policy.

Annex 1: Applicable regulatory capital requirements as at the date of issuance of the circular (Refer paragraph 2 of Policy)

The table below enumerates the applicable capital requirements for Systemically important (NBFC-NDSI) as applicable on the date of the issuance of the circular. These are subject to change in future and therefore while declaring dividend, the requirements applicable to the period under consideration need to be considered.

Sl. No.	NBFC category	Capital requirements	Reference
1.	Deposit taking (NBFC-D) and Systemically important (NBFC-NDSI) (includes all IFCs but excluding MFI and NBFC-Infrastructure Debt Funds (IDF))	(a) Every applicable NBFC shall maintain a minimum capital ratio consisting of Tier I and Tier II capital which shall not be less than 15 percent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items (b) The Tier I capital in respect of applicable NBFCs (other than NBFC-MFI and IDF-NBFC), at any point of time, shall not be less 10 per cent (c) Applicable NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50 percent or more of their financial assets) shall maintain a minimum Tier I capital of 12 percent.	Paragraph 6 of Master Direction - Non-Banking Financial Company Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

Annex 2: Reporting format for NBFCs/HFCs declaring dividend

(Refer paragraph 5 of policy, to be furnished within a fortnight after declaration of dividend to the Regional Office of the Department of Supervision of the Reserve Bank/ Department of Supervision of National Housing Bank, under whose jurisdiction the NBFC is registered.)

Details of dividend declared during the financial year

Name of the NBFC –

Accounting period *	Net profit for the accounting period (₹ crore)	Rate of dividend (per cent)	Amount of dividend (₹ crore)	Dividend Pay out ratio (per cent)

* quarter or half year or year ended---- as the case may be

CORPORATE GOVERNANCE REPORT

This Corporate Governance Report relating to the year ended March 31, 2022 has been issued in compliance with the applicable provisions of Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereof ("Listing Regulations") and forms a part of the Director's Report.

1. OUR COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

IIFL Finance Limited ("the Company") follows the highest standards of governance and disclosure. Over the years, we have strengthened our corporate governance philosophy and have institutionalized a robust mechanism of corporate governance. Our governance framework enshrines ethical and responsible conduct of business to create lasting stakeholder value. The governance framework and philosophy of the Company is inspired by ethics, values and culture of professionalism. We emulate the 'best practices' that are adhered to in the realm of corporate governance globally and these practices are integrated into our growth strategy. Across our day-to-day operations, we conform to complete fairness, integrity and transparency which remain our guiding principles.

The Company firmly believes that adherence to business ethics and sincere commitment to corporate governance will help the Company to achieve its vision of being the most respected Company in the financial services space in India. Since inception, the Promoters have demonstrated exemplary track record of governance and utmost integrity. The Company is in compliance with the requirements of the Companies Act, 2013 ("the Act"), Listing Regulations and Corporate Governance and Disclosure norms for Non-Banking Financial Companies issued by Reserve Bank of India vide Chapter XI of Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ("RBI Master Directions"). With the implementation of stringent employee Code of Conduct policy and adoption of a Whistle Blower Policy, the Company has moved ahead in its pursuit of excellence in corporate governance. The Company has also adopted Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code of Conduct to regulate, monitor and report Trading by Insiders and also adopted Internal Guidelines on Corporate Governance in compliance with RBI Master Directions. These codes are available on the website of the Company i.e. www.iifl.com.

Our Board of Directors ("Board") has Independent Directors, highly respected for their professional integrity as well as rich financial and banking experience and expertise. Our Board remains at the top of the governance pyramid as a custodian of trust, with the employees at the base. The Corporate Governance framework of your Company is based on an effective and Independent Board, separation of the Board's supervisory role from the Senior Management team and constitution and functioning of Board Committees, as required under applicable laws.

2. BOARD OF DIRECTORS

(a) Composition of the Board of Directors

The Board of Directors of the Company has an optimum combination of executive and non-executive directors (including one Independent Woman Director) in line with the provisions of the Act, Listing Regulations and RBI Master Directions. The Board provides leadership, strategic guidance and discharges its fiduciary duties of safeguarding the interest of the Company and its stakeholders.

As on March 31, 2022, the Board of the Company consisted of nine (9) Directors. The Chairman of the Board is a Non-Executive Independent Director and majority of the Board comprises of Non-Executive Independent Directors. None of the Directors of the Company are related to each other. The composition of the Board is as follows:

Category	Name of the Directors
Chairman & Independent Director	Mr. Arun Kumar Purwar[1]
Executive Directors	Mr. Nirmal Jain (Managing Director & Promoter)[2]
	Mr. R Venkataraman (Joint Managing Director & Co-Promoter)[3]
Independent Directors	Mr. Vijay Kumar Chopra
	Mr. Nilesh Vikamsey
	Ms. Geeta Mathur
	Mr. Vibhore Sharma
	Mr. Ramakrishnan Subramanian
Non-Executive Director other than Independent Directors	Mr. Chandran Ratnaswami

1. Appointed as Chairman of the Board w.e.f. April 01, 2022

2. Appointed as Managing Director of the Company w.e.f. April 01, 2022

3. Change in Designation to Joint Managing Director w.e.f. April 01, 2022

CORPORATE GOVERNANCE REPORT (Contd.)

(b) Matrix chart of core skills/expertise/competencies of the Board Members

The Board of the Company has adopted policy on Board Diversity. It seeks to maintain a Board comprised of talented and dedicated directors with a diverse mix of expertise, experience, skills and backgrounds. For the purpose of Board composition, diversity includes, but is not limited to, educational and functional background, industry experience, geography, age, insider status, gender and ethnicity. The skills and backgrounds collectively represented on the Board reflect the diverse nature of the business environment in which the Company operates.

Pursuant to the Listing Regulations, a matrix chart setting out the core skills/ expertise/ competence of the Board is mentioned below:

Sr. No.	Skills/Expertise/ Competence	Mr. Arun Kumar Purwar	Mr. Nirmal Jain	Mr. R Venkataraman	Mr. Vijay Kumar Chopra	Mr. Nilesh Vikamsey	Ms. Geeta Mathur	Mr. Vibhore Sharma	Mr. Ramakrishnan Subramanian	Mr. Chandran Ratnaswami
1.	Knowledge of sector	✓	✓	✓	✓	✓	✓	✓	✓	✓
2.	Accounting and Finance	✓	✓	✓	✓	✓	✓	✓	✓	✓
3.	Corporate Governance and Compliances	✓	✓	✓	✓	✓	✓	✓	✓	✓
4.	Marketing Experience	✓	✓	✓	✓	✓	✓	✓	✓	✓
5.	Strategy development and Implementation	✓	✓	✓	✓	✓	✓	✓	✓	✓
6.	Information Technology	✓	✓	✓	✓	✓	✓	✓	✓	✓
7.	Stakeholders Relationship	✓	✓	✓	✓	✓	✓	✓	✓	✓
8.	Risk Management system	✓	✓	✓	✓	✓	✓	✓	✓	✓
9.	CEO Senior Management Experience/ Leadership	✓	✓	✓	✓	✓	✓	✓	✓	✓

(c) Brief profiles of the Directors are as follows:

The brief profile of the Directors of the Company is available on the website of the Company i.e. www.iifl.com.

- **Mr. Arun Kumar Purwar** (Chairman & Independent Director)

  Mr. Arun Kumar Purwar works as Chairman of Eroute Technologies Private Limited, a fintech Co. He also works as an Independent Director in Companies across diverse sectors like power, telecom, steel, engineering consultancy, pharma and financial services. He also acts as an advisor to Mizuho Securities, Japan. He was Chairman of the State Bank of India ("SBI") from 2002 to 2006 and Chairman of the Indian Bank Association during 2005 to 2006. He has previously held positions such as Managing Director of State Bank of Patiala and has been associated in the setting up of SBI Life. Post his retirement from SBI, he was associated with a leading industry house in setting up the first healthcare focused private equity fund as well as a non-banking finance Company focused on funding real estate projects as well as educational institutions. He has won a number of awards including the CEO of the year award from the Institute of Technology and Management (2004), "Outstanding Achiever of the Year" award from the Indian Banks' Association (2004) and "Finance Man of the Year" Award by the Bombay Management Association in 2006.

List of Directorship held in other Listed Companies	Name of the Company	Category of Directorship
	Alkem Laboratories Limited	Independent Director
	Balaji Telefilms Limited	Independent Director

CORPORATE GOVERNANCE REPORT (Contd.)

- **Mr. Nirmal Jain** (Managing Director)

  Mr. Nirmal Jain is the founder and Managing Director of the Company. He holds a PGDM (Post Graduate Diploma in Management) from the Indian Institute of Management (IIM), Ahmedabad and is a rank holder Chartered Accountant and a Cost Accountant. He started his career in 1989 with Hindustan Unilever Limited. He founded IIFL Group in 1995. It started as an independent equity research Company in India. Over the last 26 years, he has led the expansion of the group, while remaining focused on financial services. The group through four listed entities, has leading presence in India's wealth & asset management, consumer lending, securities trading & discount broking spaces. With an impeccable track record of governance and growth, the group has attracted marquee investors and won accolades internationally.

List of Directorship held in other Listed Companies	Name of the Company	Category of Directorship
	IIFL Wealth Management Limited	Non-Executive Director

- **Mr. R Venkataraman** (Joint Managing Director)

  Mr. R Venkataraman is the Co-Promoter and Joint Managing Director of the Company. He holds Post Graduate Diploma in Management from Indian Institute of Management (IIM), Bangalore and Bachelor in Electronics and Electrical Communications Engineering from IIT Kharagpur. He joined the Company's Board in July 1999. He has been contributing immensely in the establishment of various businesses and spearheading key initiatives of the group over the past 23 years. He previously held senior managerial positions in ICICI Limited, including ICICI Securities Limited, their investment banking joint venture with J P Morgan of US and Barclays –BZW. He worked as an Assistant Vice President with G E Capital Services India Limited in their private equity division. He has a varied experience of more than 30 years in the financial service sector.

List of Directorship held in other Listed Companies	Name of the Company	Category of Directorship
	IIFL Wealth Management Limited	Non-Executive Director
	IIFL Securities Limited	Managing Director

- **Mr. Vijay Kumar Chopra** (Independent Director)

  Mr. Vijay Kumar Chopra is a fellow Member of the Institute of Chartered Accountants of India. He was the whole-time Member of SEBI for two years; prior to that he has been a career banker and has held several top positions during his 37 years' of experience in banking industry. Some of his accomplishments include being the Chairman and Managing Director at Corporation Bank and SIDBI, 3 years as an Executive Director at the Oriental Bank of Commerce and 31 years in various capacities at the Central Bank of India.

List of Directorship held in other Listed Companies	Name of the Company	Category of Directorship
	Greenlam Industries Limited	Independent Director
	Sheela Foam Limited	Independent Director

- **Mr. Nilesh Vikamsey** (Independent Director)

  Mr. Nilesh Vikamsey is a senior partner at Khimji Kunverji & Co LLP – an 85-year-old Chartered Accountants firm. Mr. Vikamsey is Committee Member of organizations like Indo American Chamber of Commerce, Bombay Chartered Accountants' Society (BCAS), the Chamber of Tax Consultants (CTC). He is a trustee in 'Sayagyi U Ba Khin' Memorial Trust (Vipassana International Academy, Igatpuri) & few educational trusts in Mumbai. He is presently a Member of the Advisory Committee on Mutual Funds & Corporate Governance Committee of SEBI, Risk Management Committee of Central Depository Services (India) Limited (CDSL) and Expert Advisory Committee of Institute of Chartered Accountants of India (ICAI). He was the President of ICAI in the past. He was an observer on the Board of International Federation of Accountants and Member of IFAC's Technology Advisory Group. He was the past Chairman of Federal Bank Limited and Member of IRDA. He was the Chairman of SEBI's Qualified Audit Report Committee and Member of Corporate Governance Committee chaired by Uday Kotak, Primary Market Advisory Committee and Committee on Disclosures and Accounting Standards (SCODA). He was Member of International Auditing and Assurance Standards Board (IAASB) Reference Group for Audits of Less Complex Entities. He is a Speaker/Chairman, at various seminars, meetings, lectures held by various Committees,

CORPORATE GOVERNANCE REPORT (Contd.)

Regional Councils, Branches & Study Circles of ICAI, Bankers Training College of the RBI, Comptroller & Auditor General of India (C&AG) and various other organizations.

List of Directorship held in other Listed Companies	Name of the Company	Category of Directorship
	Navneet Education Limited	Non-Executive Director
	Thomas Cook (India) Limited	Independent Director
	PNB Housing Finance Limited	Independent Director
	IIFL Wealth Management Limited	Independent Director & Non-Executive Chairman
	Gati Limited	Independent Director

- **Mr. Chandran Ratnaswami** (Non-Executive Director)

  Mr. Chandran Ratnaswami is a Non-Executive Director of the Company. He is the Chief Executive Officer and Director of Fairfax India Holdings Corporation, a Company listed on the Toronto Stock Exchange and is also a Managing Director of Hamblin Watsa Investment Counsel Limited, a wholly owned investment management Company of Fairfax Financial Holdings Limited.

  Mr. Ratnaswami serves on the Boards of, among others, Chemplast Sanmar Limited, Quess Corp Limited, Bangalore International Airport Limited, National Commodities Management Services Limited, Go Digit General Insurance Limited, Thomas Cook (India) Limited, Fairbridge Capital Private Limited in India, Zoomer Media, Fairfax India Holdings Corporation in Canada, Thai Reinsurance, Thailand and Fairfirst Insurance Limited, Sri Lanka. He holds a Bachelor's degree in Civil Engineering from IIT Madras, India and MBA from the Rotman School of Management, University of Toronto, Canada.

List of Directorship held in other Listed Companies	Name of the Company	Category of Directorship
	Thomas Cook (India) Limited	Non-Executive Director
	Quess Corp Limited	Non-Executive Director
	Chemplast Sanmar Limited	Non-Executive Director

- **Mr. Vibhore Sharma** (Independent Director)

  Mr. Vibhore Sharma is an Engineering & Product leader with over 20 years of experience in building and leading teams engaged in software and systems engineering. He has helped to build and evolve some decent money-making products of both B2C as well as B2B archetypes. He was amongst the earliest team members of InfoEdge India, and played a pivotal role in scaling the company's technology and products. He assists emerging science and tech startups to invest in and scale their tech and product capabilities. Mr. Vibhore Sharma does not hold any directorship in any other listed Company.

- **Mr. Ramakrishnan Subramanian** (Independent Director)

  Mr. Ramakrishnan Subramanian is a Chartered Accountant, Cost Accountant and Master's in Commerce. He has served several leading Banks, FIs in leadership roles since 1990 in India and abroad. He has also served as a Boards Member of ING Vysya Bank and Shriram Capital, Shriram Transport, Shriram City Union, in the past apart from having done senior executive roles such as CEO, MD, Country Head, Asia Regional head roles in domestic and international banks.

  He is currently engaged as a Sr. Advisor, Operating Partner, Consultant with PE, VC, FIs and Fintech in India. Within financial sector services, his deep expertise and experience are in Retail Financing – Mortgage, LAP, Personal Loans, Business Loans, SME, LAS, Gold, Auto, CV/CE, Securitization. He has worked in senior capacities involving Strategy, Board, Governance coupled with strong track record on execution across functions covering Channels, Product, Pricing, Portfolio Management, Funding, Credit Policy, Credit Underwriting, Collections Management of large Universal banks, Non-Banking Financial Companies ("NBFCs") and Fintech. Mr. Ramakrishnan Subramanian does not hold any directorship in any other listed Company.

- **Ms. Geeta Mathur** (Independent Director)

  Ms. Geeta Mathur, a Chartered Accountant, having worked as a banker both on the asset side and risk side and with large corporate treasuries and investor relations. She started her career with ICICI, where she worked for over 10 years in the field of project, corporate and structured finance as well represented ICICI on the Board of reputed companies such as Eicher Motors, Siel Limited among others. She has developed, reorganized, streamlined and led large national teams. She transitioned from the corporate sector to the development sector as CFO of Helpage India, where besides successful implementation of Oracle ERP and setting up processes for budgeting and MIS, she was consistently awarded by the Institute of Chartered Accountants and South Asian Federation of Accountants for best presentation and transparency in accounts. She has worked in various capacities in large organizations such as IBM and Emaar MGF across areas of Corporate Finance, Treasury, Risk Management and Investor Relations. She currently serves as an Independent Director in various large organizations across manufacturing and services such as Motherson Sumi Wiring India Limited, Info Edge (India) Limited and NIIT Limited. She also co-chairs the India chapter of Women Corporate Directors Foundation, a global membership organization and community of Women Corporate Directors with a mission to foster a powerful, trusted community of influential Women Corporate Directors. She is a graduate in Commerce from the Shriram College of Commerce, Delhi University and did her articleship with the Price Waterhouse while pursuing her Chartered Accountancy.

List of Directorship held in other Listed Companies	Name of the Company	Category of Directorship
	Motherson Sumi Wiring India Limited	Independent Director
	NIIT Limited	Independent Director
	Info Edge (India) Limited	Independent Director
	IIFL Wealth Management Limited	Independent Director
	OnMobile Global Limited	Independent Director
	Healthcare Global Enterprises Limited	Independent Director

Note: The above list of Directorship of all the Directors in other equity listed Companies is as on March 31, 2022.

(d) Board Meetings and Directorship/Committee Membership(s) of Directors

During the year under review, seven (7) Board Meetings were held on the following dates: May 06, 2021, June 15, 2021, July 27, 2021, August 10, 2021, October 27, 2021, January 27, 2022 and March 23, 2022.

In the wake of COVID-19 pandemic and to adhere to the lockdown and social distancing norms, the directors participated in the meetings of the Board and Committees held during the Financial Year 2021-22 through video conferencing/other audio-visual means. The meetings and agenda items taken up during the meetings complied with the Act and Listing Regulations read with various circulars issued by Ministry of Corporate Affairs ("MCA") and SEBI due to COVID-19 pandemic.

The Company has proper online systems to enable the Board to review on a half yearly basis compliance reports of all laws applicable to the Company, as prepared by the Company as well as to assess the steps taken by the Company to rectify instances of non-compliances, if any.

In terms of the provisions of Listing Regulations and amendments thereof, none of the Directors on the Board of the Company is Member of more than ten (10) specified Committees and none is a Chairman of more than five (5) specified Committees in which they are Directors across all the Indian Public Limited Companies, except Companies incorporated under Section 8 of the Act.

None of the Directors serve as a Director in more than ten (10) Public Companies. None of the Independent Directors serves as an Independent Director in more than seven (7) listed entities (Equity Listed). None of the Directors hold directorship in more than seven (7) listed entities (Equity Listed). None of the Whole Time Director/Managing Director serves as an Independent Director in more than three (3) listed entity. Further, none of our Independent Directors serve as Non-Independent Director of any Company, on the Board of which any Non-Independent Director is an Independent Director. The maximum tenure of the Independent Directors is in compliance with the Act and Listing Regulations.

All Independent Directors on the Board are Non-Executive Directors as defined under the Act and Listing Regulations. The maximum tenure of the Independent Directors is in compliance with the Act and Listing Regulations. All the Independent Directors have confirmed that they meet the criteria of independence as stipulated under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and have submitted the declaration under Section 149(7) of the Act. Based on the disclosures received from the Independent Directors, it is hereby confirmed that in the opinion of the Board, the Independent Directors fulfil the conditions specified under the Act and Listing Regulations and are independent of the management and are also in compliance with the limit on Independent Directorship of listed Companies as prescribed under Regulation 17A of the Listing Regulations.

The Policy on fit and proper criteria is in place for ascertaining the fit and proper criteria of the Directors at the time of appointment and on a continuing basis as well as Nomination and Remuneration Committee to ensure 'fit and proper' status of proposed/ existing directors.

The policy on the fit and proper criteria is in line with RBI Master Directions as amended from time to time.

The Company has received necessary disclosures from all the Directors regarding Committee positions held by them in other Companies. The table below gives the details of the names of the members of the Board, their category, their attendance at the Board Meetings held during the year under review and at the last Annual General Meeting ("AGM"), their Directorship, Committee Membership and Chairmanship in Indian Companies as on March 31, 2022:

Name of the Director (DIN)	Date of original appointment	Category	Number of Board meeting attended during the year	Attendance at last AGM	Directorship in Indian Public Limited Companies (including IIFL Finance Limited)[3]	Membership of committees (including IIFL Finance Limited)[1]	
						Member[2]	Chairman
Mr. Arun Kumar Purwar (DIN: 00026383)[4]	10/03/2008	Chairman & Independent Director	7	Yes	4	2	2
Mr. Nirmal Jain (DIN: 00010535)[5]	18/10/1995	Managing Director	7	Yes	3	0	0
Mr. R Venkataraman (DIN: 00011919)[6]	05/07/1999	Joint Managing Director	7	Yes	6	4	2
Mr. Nilesh Vikamsey (DIN: 00031213)	11/02/2005	Independent Director	7	Yes	9	8	3
Ms. Geeta Mathur (DIN: 02139552)	18/09/2014	Independent Director	7	Yes	9	9	5
Mr. Vijay Kumar Chopra (DIN: 02103940)	21/05/2019	Independent Director	7	Yes	4	5	2
Mr. Vibhore Sharma (DIN: 03314559)[7]	01/07/2021	Independent Director	5	N.A.	2	0	0
Mr. Ramakrishnan Subramanian (DIN: 02192747)[7]	06/09/2021	Independent Director	3	N.A.	1	0	0
Mr. Chandran Ratnaswami (DIN: 00109215)	15/05/2012	Non-Executive Director	6	No	8	3	0
Mr. Nagarajan Srinivasan (DIN: 01480303)[8]	21/05/2019	Non-Executive Director	2	N.A.	N.A.	N.A.	N.A.

1. The Committees considered for the above purpose are those prescribed in the Listing Regulations viz. Audit Committee and Stakeholders Relationship Committee.
2. The membership count will include the count in which the Director is Chairman.
3. Excludes directorship in private companies, foreign companies and companies incorporated under Section 8 of the Act.
4. Appointed as Chairman of the Board w.e.f. April 01, 2022.
5. Appointed as Managing Director of the Company w.e.f. April 01, 2022.
6. Change in designation to Joint Managing Director w.e.f. April 01, 2022.
7. Appointed as Independent Director w.e.f. July 01, 2021 & September 06, 2021 respectively.
8. Resigned as Non-Executive Director w.e.f. June 15, 2021.

Note: No recommendation of any Committee which is mandatorily required to have Board approval in FY 2021-22 was rejected/not accepted by the Board.

CORPORATE GOVERNANCE REPORT (Contd.)

(e) Board Level Performance Evaluation:

The Nomination and Remuneration Committee has laid down the criteria for performance evaluation of Executive Directors, Non-Executive Directors including Independent Directors and Board as a Whole.

The criteria for performance evaluation are as under:

For Chairman:

The criteria for evaluation of Chairman, inter alia, includes his ability to conduct meetings, ability to elicit inputs from all members, ability to table and openly discuss challenging matters, attendance at meetings, assistance to board in formulating policies and setting standards, accessibility, ability to analyze strategic situations, ability to project positive image of the Company, compliance with regulatory requirements, impartial in conducting discussions, sufficiently committed to the Board, ability to keep shareholders' interest in mind during discussions and decisions.

For Executive Directors:

The criteria for evaluation of Executive Directors, inter alia, includes their ability to elicit inputs from all members, ability to table and openly discuss challenging matters, attendance and participation at meetings, integrating quality and re-engineering, capitalize on opportunities created by economic and technological changes, assistance to board in formulating policies and setting standards and following them, accessibility, ability to analyze strategic situations, ability to project positive image of the Company, compliance with regulatory requirements, handling critical situations concerning the group.

For Non-Executive Directors (including Independent Directors):

The criteria for evaluation of Non-Executive Directors, inter alia, includes attendance at the meetings, study of agenda and active participation, contribution to discussions on strategy, participate constructively and actively in Committees of the Board, exercise of skills and diligence with due and reasonable care and to bring independent judgment to the Board, ability to bring in best practices from his / her experience and adherence to the Code of Conduct.

For Board as a whole:

The criteria for evaluation of the Board, inter alia, includes composition and diversity, induction programme, team work, performance culture, risk management and financial controls, integrity, credibility, trustworthiness, active and effective participation by members, proper mix of competencies to conduct and enough experience to conduct affairs effectively.

(f) Separate meetings of the Independent Directors:

In compliance with the provisions of the Act and Regulation 25 of the Listing Regulations, a seperate meeting of Independent Directors of the Company was held on March 24, 2022, inter alia, to discuss the following:

- To review the performance of Non-Independent Directors, the various Committees of the Board and the Board as a whole;
- To review the performance of the Chairman of the Company;
- To assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Upon the conclusion of the meeting, the Independent Directors expressed their overall satisfaction over the performance of the other Directors and the Board as a whole and some suggestions were being discussed with the Promoter Director. They also expressed their satisfaction over the quality, quantity and timeliness of flow of information between the Company's management and the Board / Committees of the Board from time to time and performance of Chairman of the Company.

(g) Familiarization programme for Independent Directors:

The Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committee Meetings on business, operations and performance updates of the Company as well as of the Group. Quarterly updates on relevant statutory and regulatory changes applicable to the Company and the Group and important legal matters pertaining to the Company are discussed at the Board Meetings. The details of such familiarization programmes of the Company may be accessed on the website of the Company i.e. https://www.iifl.com/investor-relations/corporate-governance.

(h) Meetings of the Board:

- ➢ **Frequency:** The Board meets at least once a quarter to review the quarterly results and other items of the Agenda. There are minimum four Meetings of the Board in a calendar year with a maximum gap of 120 days between two consecutive meetings. Whenever necessary additional meetings are held. In case of business exigencies or matter of urgency, resolutions are passed by circulations, as permitted by law, which are noted at the subsequent Board Meeting.

- **Board Meeting Location:** The location of the Board/Committee Meetings is informed well in advance to all the Directors. Each Director is expected to attend the Board/Committee Meetings. Video conference facility is made available to facilitate Directors travelling/ residing abroad or at other locations to participate in the Board / Committee Meetings. In light of the unprecedented times faced by the Companies due to COVID-19 outbreak in India, the MCA has granted relaxation with regard to the requirement of physical presence of the Directors at the Board Meeting and therefore all the Board Meetings were held through Video Conferencing or other Audio Visual Means.
- **Notice and Agenda distributed in advance:** The Company's Board/Committee Members are presented with detailed notes along with the agenda papers which are circulated well in advance of the Meeting. The Company has implemented app based e-meeting system accessible through secured iPads provided to the Directors and key officials. The agenda, presentation, notes and minutes are made available to the Board and Committee Members. The Company Secretary in consultation with the Chairman of the Board/ Committees sets the Agenda for the Board/ Committee Meetings. All material information is incorporated in the Agenda for facilitating meaningful and focused discussions at the Meeting. Where it is not practical to attach any document to the Agenda, the same is tabled at the Meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary items on the Agenda are permitted. The Board periodically reviews compliance reports of laws applicable to the Company, prepared and placed before the Board by the management.
- **Other Matters:** The senior management team of the Company is advised to schedule its work plans in advance, particularly with regard to matters requiring discussions/ decision with the Board/ Committee Members.
- **Presentations by Management:** The Board/ Committee is given presentations, wherever practicable covering finance, sales, marketing, major business segments and operations of the Company, global business environment including business opportunities, business strategy, risk management practices and operating performance of the Company before taking on record the financial results of the Company.
- **Access to employees:** The Directors are provided free access to officers and employees of the Company. Whenever any need arises, the Board/ Committee Members are at liberty to summon the personnel whose presence and expertise would help the Board to have a full understanding of the issues being considered.

(i) Information Supplied to the Board/Committees:

Among others, information supplied to the Board/ Committees includes:

- Annual Budget and updates thereof. Quarterly, half yearly and annual results of the Company as per the format prescribed in Listing Regulations.
- Minutes of the Meetings of the Board and all other Committees of the Board.
- The information on recruitment and remuneration of senior officers just below the Board level, including the appointment or removal, if any, of Chief Financial Officer and Company Secretary.
- Status of important/material litigations etc.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order, which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards royalty, goodwill, brand equity or intellectual property.
- Any significant development in human resources/ industrial relations front, as and when it occurs.
- Sale of material nature of investments, assets which are not in the normal course of business.

CORPORATE GOVERNANCE REPORT (Contd.)

- Quarterly details of foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement, if material.
- Non-Compliance of any regulatory, statutory nature or listing requirements and shareholders' service, such as non-payment of dividend, delay in share transfer, if any, and other steps taken by the Company to rectify instances of non-compliances, if any.

(j) Minutes of the Meetings:

The draft Minutes of the proceedings of the Meetings are circulated amongst the Members of the Board/ Committees. Comments and suggestions, if any, received from the Directors are incorporated in the Minutes, in consultation with the Chairman. The Minutes are confirmed by the Members and signed by the Chairman of such meeting at any time before the next meeting is held or by the Chairman of the next Board/Committee Meetings. All Minutes of the Committee Meetings are placed before the Board Meeting for perusal and noting.

(k) Post meeting follow-up mechanism:

The Company has an effective post meeting follow-up review and reporting process for the decisions taken by the Board and Committee(s) thereof. The important decisions taken at the Board/Committee Meetings which call for actions to be taken are promptly initiated and wherever required, communicated to the concerned departments/divisions. The action taken report is placed at the immediately succeeding Meeting of the Board/Committee(s) for information and review by the Board/Committee(s).

(l) Confirmation of Independence:

The Board is of the opinion that the Independent Directors fulfill the conditions specified in Listing Regulations and the Act and are independent of the management.

3. BOARD COMMITTEES:

In terms of the Act, Listing Regulations and RBI Master Directions, the Board has constituted various Committees. The composition of the various Committees along with their terms of reference is as under:

a) AUDIT COMMITTEE

The Audit Committee comprises of four (4) Independent Directors (Mr. Nilesh Vikamsey, Ms. Geeta Mathur, Mr. Ramakrishnan Subramanian and Mr. Arun Kumar Purwar). Mr. Nilesh Vikamsey, an Independent Director, is the Chairman of the Committee. All the Members of the Audit Committee are financially literate and possess thorough knowledge of the financial services industry. Majority of the Committee Members have accounting/financial management expertise.

The scope of the Audit Committee includes the references made under Regulation 18 read with Part C of Schedule II of the Listing Regulations as well as Section 177 and other applicable provisions of the Act besides the other terms that may be referred by the Board and RBI Master Directions. The broad terms of reference of the Audit Committee are:

(i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

(ii) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

(iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditor;

(iv) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;

b) Changes, if any, in accounting policies and practices and reasons for the same;

c) Major accounting entries involving estimates based on the exercise of judgment by management;

d) Significant adjustments made in the financial statements arising out of audit findings;

e) Compliance with listing and other legal requirements relating to financial statements;

f) Disclosure of any Related Party Transactions;

g) Modified opinion(s) in the draft audit report.

(v) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;

(vi) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, right issue, preferential issue,

CORPORATE GOVERNANCE REPORT (Contd.)

etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;

(vii) Review and monitor the auditor's independence and performance, and effectiveness of audit process;

(viii) Approval or any subsequent modification of transactions of the Company with related parties;

(ix) Scrutiny of inter-corporate loans and investments;

(x) Valuation of undertakings or assets of the Company, wherever it is necessary;

(xi) Evaluation of internal financial controls and risk management systems;

(xii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

(xiii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(xiv) Discussion with internal auditors of any significant findings and follow up thereon;

(xv) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure or internal control systems or a material nature and reporting the matter to the Board;

(xvi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(xvii) To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors;

(xviii) To review the functioning of the Whistle Blower Mechanism;

(xix) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

(xx) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;

(xxi) Reviewing the utilization of loans and / or advances from / investment by the Company in its subsidiaries exceeding rupees 100 Crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing;

(xxii) Reviewing the following information:

a) Management discussion and analysis of financial condition and results of operations;

b) Management letters/letters of internal control weaknesses issued by the statutory auditors;

c) Internal audit reports relating to internal control weaknesses; and

d) The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

e) Statement of deviations:

i. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to Stock Exchange(s) in terms of Regulation 32(1).

ii. Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

(xxiii) Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

(xxiv) Responsibility under Risk Based Internal Audit pursuant to RBI Circular dated February 03, 2021:

a) Primarily responsible for overseeing IA function

b) Approve RBIA Policy defining purpose, authority & responsibility with demarcating roles & responsibilities for IA & Risk Management function.

c) Approve RBIA plan ensuring coverage of all risks with defined time lines

d) Review of Audit Function atleast annually

e) Promote use of new audit technologies / tools

f) Periodic review of RBIA policy

g) Developing effective audit function for providing quality assurance on the internal control mechanism.

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h) Understanding the risk assessment methodology and approving the audit plan

i) Ensuring the adequate audit coverage to monitor compliance with policies and procedures.

j) Approving the audit charter.

k) Receiving the audit reports and deliberating on action plans to enhance the internal control environment.

l) Discussing status of (key) open issues from the previous audits and remediation action steps taken by the management.

m) Assessing the performance of IAF. The AC should also periodically assess the performance of risk based internal audits for its reliability, accuracy and objectivity.

n) Review the findings identified in the RBI Inspection report and other regulatory inspections (SEBI/Audit/Exchange Audit) and follow up on corrective actions.

o) Review the key findings in the monthly Concurrent Audit Reports.

p) Review the key audit findings with the entity Audit Committees; analyse potential impact and remediation plans.

q) To formulate and maintain a quality assurance and improvement programme that covers all aspects of the internal audit function.

During the year under review, the Audit Committee of the Company met nine (9) times on May 05, 2021, May 06, 2021, July 27, 2021, October 26, 2021, October 27, 2021, November 22, 2021, January 25, 2022, January 27, 2022 and March 23, 2022. The necessary quorum was present at the Meetings. The gap between two Audit Committee Meetings was not more than 120 days.

The constitution of the Audit Committee and details of attendance of each Member of the Committee at the aforesaid Meeting(s) of Committee is given below:

Name of the members	Designation	Category	No. of committee meetings held	No. of committee meetings attended
Mr. Nilesh Vikamsey[1]	Chairman	Independent Director	9	9
Ms. Geeta Mathur	Member	Independent Director	9	9
Mr. Nagarajan Srinivasan[2]	Member	Non-Executive Director	9	2
Mr. Vijay Kumar Chopra[3]	Member	Independent Director	9	9
Mr. Ramakrishnan Subramanian[4]	Member	Independent Director	N.A.	N.A.
Mr. Arun Kumar Purwar[4]	Member	Independent Director	N.A.	N.A.

1. Appointed as Chairman of the Committee w.e.f. April 01, 2022

2. Ceased to be a Member of the Committee w.e.f. June 15, 2021

3. Ceased to be a Member of the Committee w.e.f. April 28, 2022

4. Appointed as Members of the Committee w.e.f. April 28, 2022

Audit Committee meetings are attended by the Chief Financial Officer of the Company and representatives of Statutory Auditors and Internal Auditors, if required. The Company Secretary acts as the Secretary of the Audit Committee.

The Chairman of the Audit Committee was present at the last AGM of the Company held on June 30, 2021.

b) NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee ("NRC") comprises of three (3) Independent Directors (Mr. Vijay Kumar Chopra, Mr. Nilesh Vikamsey and Mr. Arun Kumar Purwar). Mr. Vijay Kumar Chopra is the Chairman of the Committee.

The scope of the NRC includes the references made under Regulation 19 read with Part C of Schedule II of the Listing Regulations as well as Section 178 and other applicable provisions of the Act besides the other terms that may be referred by the Board and RBI Master Directions. The broad terms of reference of the NRC are:

(i) Succession planning of the Board of Directors and Senior Management Employees;

(ii) Identifying and selection of candidates for appointment as Directors/Independent Directors based on certain laid down criteria;

(iii) Identifying potential individuals for appointment as Key Managerial Personnel and to other Senior Management positions;

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(iv) Formulate and review from time to time the policy for selection and appointment of Directors, Key Managerial Personnel and senior management employees and their remuneration;

(v) Review the performance of the Board of Directors and Senior Management Employees based on certain criteria as approved by the Board. In reviewing the overall remuneration of the Board of Directors and Senior Management, the Committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talent, it also ensures that the relationship of remuneration to performance is clear, that the performance meets the appropriate performance benchmarks and that the remuneration involves a balance between fixed and incentive pay, reflecting the short- term and long- term objectives of the Company;

(vi) Devising a policy on diversity of Board of Directors;

(vii) Administer, monitor and formulate detailed terms and conditions of the employees' stock option scheme;

(viii) Recommend to the Board, all remuneration, in whatever form, payable to senior management.

(ix) Ensure 'fit and proper' status of proposed/ existing directors as per RBI guidelines.

(x) Evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director, at the time of every appointment of independent director. For the purpose of identifying suitable candidates:

a. may use the services of an external agency if required;

b. may consider candidates from a wide range of backgrounds, having due regard to diversity; and

c. may consider the time commitments of the candidates.

During the year under review, the NRC of the Company met two (2) times on May 05, 2021 and March 23, 2022. The necessary quorum was present at the meetings.

The constitution of the NRC and details of attendance of each Member of the Committee at the aforesaid Meeting(s) of Committee is given below:

Name of the members	Designation	Category	No. of committee meetings held	No. of committee meetings attended
Mr. Vijay Kumar Chopra	Chairman	Independent Director	2	2
Mr. Nilesh Vikamsey	Member	Independent Director	2	2
Mr. Arun Kumar Purwar	Member	Independent Director	2	2
Mr. Nagarajan Srinivasan[1]	Member	Non-Executive Director	2	1

[1] Ceased to be a Member of the Committee w.e.f. June 15, 2021

During the year under review 2021-22, the NRC also approved matters relating to grant/allotment of stock option(s), through circular resolutions.

The Company Secretary of the Company acts as the Secretary of the Committee.

The Chairman of the NRC was present at the last AGM of the Company held on June 30, 2021.

The Board of Directors of the Company has approved Nomination and Remuneration Policy of the Company, which sets out the guiding principles for appointment & remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The details of Nomination and Remuneration policy and remuneration paid to Directors is as follows:

(a) Nomination and Remuneration Policy:

I. Appointment and removal of Directors, Key Managerial Personnel ("KMP") and Senior Management:

1) Appointment Criteria and Qualifications:

a) A person being appointed as Director, KMP or in Senior Management position should possess adequate qualification, expertise and experience for the position he/she is considered for appointment.

b) Independent Director:

1) Qualifications of Independent Director(s):

An Independent Director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, operations or other disciplines related to the Company's business.

2) Positive attributes of Independent Directors:

An Independent Director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the Company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the Company in implementing the best corporate governance practices.

2) Removal:

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, Rules and Regulations.

3) Retirement:

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing Policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

II. Remuneration:

1) Directors:

a) Executive Directors (Managing Director, Manager or Whole-Time Director):

(i) At the time of appointment or re-appointment, the Executive Directors shall be paid such remuneration as may be mutually agreed between the Company (basis recommendation of the NRC and the Board) within the overall limits permissible under the provisions of the Act.

(ii) The remuneration shall be subject to the approval of the Members of the Company in General Meeting as per the requirement of the Act.

(iii) The remuneration of the Manager/ CEO/ Managing Director/ Whole-Time Director is broadly divided into fixed and incentive pay reflecting short-term and long-term performance objectives appropriate to the working of the Company. In determining the remuneration (including the fixed increment and performance bonus), the Committee shall consider the following:

- the relationship of remuneration and performance benchmark;
- balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- responsibility required to be shouldered, the industry benchmarks and the current trends;
- The Company's performance vis-à-vis the annual budget achievement and individual performance.

b) Non-Executive Director(s):

(i) The Non-Executive Independent Director(s) may receive fees for attending meeting of Board or Committee thereof. Provided that the amount of such fees shall not exceed ₹ 1,00,000 (Rupees One Lac only) per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

(ii) A Non-Executive Director may be paid commission on an annual basis, of such sum as may be approved by the Board on the recommendation of the Committee.

(iii) The Committee may recommend to the Board, the payment of commission, to reinforce the principles of collective responsibility of the Board.

(iv) In determining the quantum of commission payable to the Directors, the Committee shall make its recommendation after taking into consideration the overall performance of the Company and the onerous responsibilities required to be shouldered by the Director.

(v) The total commission payable to the Directors shall not exceed prescribed limits as specified under the Companies Act, 2013 .

(vi) The commission shall be payable on prorate basis to those Directors who occupy office for part of the year.

2) KMP and Senior Managerial Personnel:

The remuneration to the KMP and Senior Management Personnel will be based on following guidelines:

a) Maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company;

b) Compensation should be reasonable and sufficient to attract, retain and motivate KMP and Senior Management;

c) Remuneration payable should comprise a fixed component and a performance linked variable based on the extent of achievement of individual performance vis-à-vis overall performance of the Company;

d) Remuneration shall be also considered in the form of long-term incentive plans for key employees, based on their contribution, position, and length of service, in the nature of Employee Stock Ownership Plan ("ESOPS")/Employee Stock Purchase Scheme ("ESPS").

III. Evaluation:

The Committee shall carry out evaluation of performance of every Director at regular interval (yearly). The Committee shall also formulate and provide criteria for evaluation of Independent Directors and the Board as a whole, if applicable.

(b) Details of Remuneration paid to Directors during FY 2021-22 and details of number of shares and convertible instruments held by Directors as on March 31, 2022 is as under:

Name of the Director	Designation	Salary and perquisites	Commission	Sitting Fees	Contribution to PF and other funds, Gratuity	Stock options	No. of equity shares held
Mr. Arun Kumar Purwar[1]	Chairman & Independent Director	-	11,00,000	10,70,000	-	-	95,000
Mr. Nirmal Jain[2]	Managing Director	8,49,17,200	-	-	18,00,890	-	4,77,19,154
Mr. R Venkataraman[3]	Joint Managing Director	-	-	-	-	-	1,09,84,432
Mr. Nilesh Vikamsey	Independent Director	-	5,00,000	19,40,000	-	-	1,65,000
Ms. Geeta Mathur	Independent Director	-	5,00,000	18,80,000	-	-	-
Mr. Vijay Kumar Chopra	Independent Director	-	5,00,000	20,00,000	-	-	-
Mr. Vibhore Sharma[4]	Independent Director	-	3,75,000	6,60,000	-	-	-
Mr. Ramakrishnan Subramanian[4]	Independent Director	-	2,85,000	4,00,000	-	-	-
Mr. Chandran Ratnaswami	Non-Executive Director	-	-	-	-	-	-
Mr. Nagarajan Srinivasan[5]	Non-Executive Director	-	-	-	-	-	-

1. Appointed as Chairman of the Board w.e.f. April 01, 2022

2. Appointed as Managing Director of the Company w.e.f. April 01, 2022

3. Change in Designation to Joint Managing Director w.e.f. April 01, 2022 and remuneration of Mr. R Venkataraman is being paid by IIFL Securities Limited, a group Company.

4. Appointed as Independent Director w.e.f. July 01, 2021 & September 06, 2021 respectively.

5. Resigned as Non-Executive Director w.e.f. June 15, 2021.

The term of office of the Managing Director and Joint Managing Director is for five years from the date of their respective appointments. This employment shall be deemed to be terminated on the occurrence of death, on expiration of tenure, permanent disability or on resignation, the notice period is as per the Company's policy.

In the event of termination for any of the reasons specified above, they or their Nominee shall be entitled to receive a lump sum severance payment, a sum equal to 5 times of the annual salary. The Company has not issued any convertible instruments.

CORPORATE GOVERNANCE REPORT (Contd.)

(c) Remuneration to Non-Executive/Independent Directors:

The Non-Executive Independent Directors are paid remuneration by way of sitting fees, commission and other expenses (travelling, boarding and lodging incurred for attending the Board/Committee Meetings). The Non-Executive Non-Independent Directors are not paid any sitting fees.

During the year under review, the Independent Directors were paid sitting fees of ₹ 1,00,000 (Rupees One Lakh only) per meeting for Board and Audit Committee meetings and ₹ 30,000 (Rupees Thirty Thousand only) per meeting for attending other Committee meetings plus reimbursement directly related to the actual travel and out-of-pocket expenses, if any, incurred by them. Except the Corporate Social Responsibility Committee meetings for which there is no sitting fees payable.

Apart from above, the Non-Executive Directors and Independent Directors are eligible for commission as approved by the shareholders of the Company at the AGM held on June 30, 2021. The amount of commission is based on the overall financial performance of the Company and Board of Directors. The Independent Directors were granted with ESOPs under the Company's ESOPs Schemes prior to the notification of the Act and SEBI (Share Based Employee Benefits) Regulations, 2014 which are being exercised after due vesting as per the terms of grants. No ESOP grants were made to the Independent Directors after the aforesaid notifications in compliance with provisions of the Act and SEBI (Share Based Employee Benefits) Regulations, 2014. Apart from the above, no other remuneration is paid to the Non-Executive/ Independent Directors. There are no pecuniary relationships or transaction of the Non-Executive Directors with the Company.

The Company has obtained a Directors and Officers Liabilities Insurance Policy covering all Directors and Officers of the Company in respect of any legal action that might be initiated against any Director or Officer of the Company.

c) STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee comprises of two (2) Independent Directors (Mr. Arun Kumar Purwar and Mr. Vijay Kumar Chopra) and one (1) Executive Director (Mr. R Venkataraman). Mr. Arun Kumar Purwar is the Chairman of the Committee.

The broad terms of reference of the Stakeholders Relationship Committee are as under:

1) Approval of transfer/transmission of shares/ debentures and such other securities as may be issued by the Company from time to time;
2) Approval to issue of duplicate share certificates for shares/debentures and other securities reported lost, defaced or destroyed, as per the laid down procedure;
3) Approval to issue new certificates against subdivision of shares, renewal, split or consolidation of share certificates/certificates relating to other securities;
4) Approval to issue and allot right shares/bonus shares pursuant to a Rights Issue/Bonus Issue made by the Company, subject to such approvals as may be required;
5) To approve and monitor dematerialization of shares/debentures/other securities and all matters incidental or related thereto;
6) Monitoring expeditious redressal of investors/ stakeholders grievances;
7) Review of measures taken for effective exercise of voting rights by shareholders;
8) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent;
9) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;
10) All other matters incidental or related to shares, debentures and other securities of the Company.

During the year under review 2021-22, the Company received twenty-two (22) complaints from Equity shareholders and Non-Convertible Debenture holders (investors) including complaints received through SEBI's SCORES portal. Complaints were redressed to the satisfaction of the investors.

The details of the Complaints are given below:

Sr. No.	Particulars	No. of Complaints
1	Investor complaints pending at the beginning of the year	1
2	Investor complaints received during the year	22
3	Investor complaints disposed off during the year	23
4	Investor complaints remaining unresolved at the end of the year	0

No pledge has been created over the Equity Shares held by the Promoters as on March 31, 2022 and a declaration under Regulation 31(4) of the SEBI (Substantial Acquisition of Shares and Takeovers), Regulations, 2011 was provided by the Promoter & Promoter Group to the Audit Committee and Stock Exchanges.

The Chairman of the Stakeholders Relationship Committee was present at the last AGM of the Company held on June 30, 2021.

During the year under review, the Stakeholders Relationship Committee of the Company met two (2) times on May 05, 2021 and October 26, 2021. The necessary quorum was present at the meetings.

The constitution of the Stakeholders Relationship Committee and details of attendance of each Member of the Committee at the aforesaid Meeting(s) of the Committee is given below:

Name of the members	Designation	Category	No. of committee meetings held	No. of committee meetings attended
Mr. Arun Kumar Purwar	Chairman	Independent Director	2	2
Mr. Nirmal Jain[1]	Member	Executive Director	2	1
Mr. R Venkataraman	Member	Executive Director	2	2
Mr. Vijay Kumar Chopra[2]	Member	Independent Director	2	1

1. Ceased to be a Member of the Committee w.e.f. May 06, 2021.

2. Appointed as a Member of the Committee w.e.f. May 06, 2021.

The name, designation and address of Company Secretary & Compliance Officer of the Company are as under:

Name and designation:	Ms. Sneha Patwardhan, Company Secretary & Compliance Officer
Corporate Office Address:	802, 8th Floor, Hubtown Solaris, N. S. Phadke Marg, Vijay Nagar, Andheri East, Mumbai – 400069.
Contacts:	Tel: +91 22 6788 1000 Fax: +91 22 6788 1010 E-mail: shareholders@iifl.com

The Company Secretary of the Company acts as Secretary of the Committee.

d) CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The CSR Committee comprises of three (3) Independent Directors (Mr. Vibhore Sharma, Mr. Nilesh Vikamsey and Mr. Vijay Kumar Chopra) and one (1) Executive Director (Mr. R Venkataraman). Mr. Vibhore Sharma is the Chairman of the Committee.

The terms of reference of the CSR Committee is mentioned below:

1. To review the existing CSR Policy indicating activities to be undertaken as specified in Schedule VII of the Act. The CSR Policy of the Company may be accessed on the website of the Company i.e. https://www.iifl.com
2. To provide guidance on various CSR activities and to monitor the same.

During the year under review 2021-22, the CSR Committee of the Company met one (1) time on March 24, 2022. The necessary quorum was present at the Meeting.

The constitution of the CSR Committee and details of attendance of each Member of the Committee at the aforesaid Meeting of Committee is given below:

Name of the members	Designation	Category	No. of committee meetings held	No. of committee meetings attended
Mr. Vibhore Sharma[1]	Chairman	Independent Director	N.A.	N.A.
Mr. Vijay Kumar Chopra[2]	Member	Independent Director	N.A.	N.A.
Mr. Nilesh Vikamsey	Member	Independent Director	1	1
Mr. R Venkataraman	Member	Executive Director	1	1
Mr. Nirmal Jain[3]	Chairman	Executive Director	1	0

1. Appointed as Chairman and Member of the Committee w.e.f. April 28, 2022.
2. Appointed as Member of the Committee w.e.f. April 28, 2022.
3. Ceased to be Chairman and Member of the Committee w.e.f. April 28, 2022.

e) RISK MANAGEMENT COMMITTEE

The Risk Management Committee comprises of three (3) Independent Directors (Ms. Geeta Mathur, Mr. Nilesh Vikamsey and Mr. Ramakrishnan Subramanian), One (1) Executive Director (Mr. R Venkataraman) and Chief Risk Officer (Mr. Sanjeev Srivastava). Ms. Geeta Mathur is the Chairperson of the Committee.

CORPORATE GOVERNANCE REPORT (Contd.)

The scope of the Risk Management Committee includes references made under Regulation 21 of the Listing Regulations and RBI Master Directions.

The broad terms of reference of the Risk Management Committee are as under:

1. Reviewing risks including cyber security and evaluating the treatment including initiating mitigation actions;
2. To monitor and review the overall risk management plan of the Company including liquidity risk;
3. To ensure there is an embedded, robust process in place throughout the Company to identify, assess, mitigate and report business risks with clear lines of ownership;
4. To drive and co-ordinate risk management process covering all areas of risk (including operational, strategic, financial, commercial, regulatory, reputational etc.);
5. To ensure that the business risk strategy and management processes comply with applicable regulatory requirements and corporate governance principles;
6. To ensure that the business risk management principles and processes are widely understood across the Company through adequate induction, training and awareness programmes;
7. To periodically monitor and review Company's key business risks and risk mitigation plans, and advise the Board of business risks which could materially impact Company's delivery of its business plans, strategy, and reputation, if left untreated;
8. To monitor external developments in the business environment which may have an adverse impact on Company's risk profile, and make recommendations, as appropriate;
9. To sponsor specialist reviews of key risk areas as appropriate;
10. To report to the Board on key risks, risk management performance and the effectiveness of internal controls;
11. To constitute operating risk management committee and delegate such powers to it as may be deemed necessary;
12. To formulate a detailed risk management policy which shall include:
    a) A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
    b) Measures for risk mitigation including systems and processes for internal control of identified risks.
    c) Business continuity plan.
13. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
14. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
15. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
16. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
17. To review the appointment, removal and terms of remuneration of the Chief Risk Officer (if any).
18. To seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if required.
19. Any other matter as may be mandated/referred by the Authority/Board.

During the year under review 2021-22, the Risk Management Committee of the Company met two (2) times on May 05, 2021 and October 26, 2021. The necessary quorum was present at the meetings.

CORPORATE GOVERNANCE REPORT (Contd.)

The constitution of the Risk Management Committee and details of attendance of each Member of the Committee at the aforesaid Meeting(s) of the Committee is given below:

Name of the Member(s)	Designation	Category	No. of committee meetings held	No. of committee meetings attended
Mr. Arun Kumar Purwar[1]	Chairman	Independent Director	2	2
Ms. Geeta Mathur[2]	Chairperson	Independent Director	2	2
Mr. Nilesh Vikamsey	Member	Independent Director	2	1
Mr. Ramakrishnan Subramanian[3]	Member	Independent Director	N.A.	N.A.
Mr. Nagarajan Srinivasan[4]	Member	Non-Executive Director	2	1
Mr. R Venkataraman	Member	Executive Director	2	2
Mr. Sanjeev Srivastava	Member	Chief Risk Officer	2	2

1. Ceased to be Chairman and Member of the Committee w.e.f. April 28, 2022.
2. Appointed as Chairperson of the Committee w.e.f. April 28, 2022.
3. Appointed as Member of the Committee w.e.f. April 28, 2022.
4. Ceased to be Member of the Committee w.e.f. June 15, 2021.

f) ASSET LIABILITY AND MANAGEMENT COMMITTEE ("ALCO")

The ALCO comprises of Mr. R Venkataraman - Executive Director, Mr. Arun Kumar Purwar- Independent Director, Mr. Vijay Kumar Chopra - Independent Director, Mr. Ramakrishnan Subramanian-Independent Director, Mr. Rajesh Rajak - Chief Financial Officer, Mr. Sanjeev Srivastava - Chief Risk Officer and Mr. Govind Modani – Vice President – Treasury. Mr. R Venkataraman is the Chairman of the Committee.

The scope of the ALCO includes the references made under RBI Master Directions. The broad terms of reference of the ALCO are:

1. Ensuring adherence to the limits set by the Board as well as for deciding the business strategy of the Company (on the assets and liabilities sides) in line with the Company's budget and decided risk management objectives;
2. Prepare forecasts (simulations) showing the effects of various possible changes in market conditions related to the balance sheet and recommend the action needed to adhere to Company's internal limits;
3. Ensure that the Company operates within the limits / parameters set by the Board;
4. ALCO would also articulate the current interest rate view of the Company and base its decisions for future business strategy on this view;
5. Measuring and managing liquidity needs and ensure Company's ability to meet its liabilities as they become due, liquidity management can reduce probability of an adverse situation developing;
6. Present to the Board statement of assets and liabilities;
7. Update Board on various assets and securitization of mortgage loans, commercial vehicle & gold loans;
8. Recommending Board about the viable source of finance to cater fund requirements of the Company.
9. Any other matter as may be mandated/referred by the Authority/Board.

During the year under review 2021-22, the ALCO of the Company met four (4) times on May 05, 2021, July 27, 2021, October 26, 2021 and January 25, 2022. The necessary quorum was present at the Meeting.

The constitution of the Asset Liability and Management Committee and details of attendance of each Member of the Committee at the aforesaid Meeting(s) of Committee is given below:

Name of the Members	Designation	Category	No. of committee meetings held	No. of committee meetings attended
Mr. R Venkataraman	Chairman	Executive Director	4	4
Mr. Arun Kumar Purwar[1]	Member	Independent Director	N.A.	N.A.
Mr. Vijay Kumar Chopra	Member	Independent Director	4	4
Mr. Ramakrishnan Subramanian[1]	Member	Independent Director	N.A.	N.A.
Mr. Rajesh Rajak	Member	Chief Financial Officer	4	4
Mr. Sanjeev Srivastava	Member	Chief Risk Officer	4	4
Mr. Govind Modani	Member	Vice President - Treasury	4	4

1. Appointed as Members of the Committee w.e.f. April 28, 2022.

CORPORATE GOVERNANCE REPORT (Contd.)

g) IT STRATEGY COMMITTEE

The IT Strategy Committee comprises of Mr. Vibhore Sharma - Independent Director, Mr. Nilesh Vikamsey - Independent Director, Ms. Geeta Mathur - Independent Director, Mr. Arun Kumar Purwar - Independent Director, Mr. Ramakrishnan Subramanian - Independent Director, Mr. Aditya Sisodia - Chief Information Officer/ Chief Technology Officer, Mr. Mitesh Vora - Head IT Infrastructure & Cyber Security, Mr. Sanjeev Srivastava - Chief Risk Officer, and Mr. Shanker Ramrakhiani - Chief Information Security Officer. Mr. Vibhore Sharma is the Chairman of the Committee.

The scope of the IT Strategy Committee includes the references made under RBI Master Directions. The broad terms of reference of the IT Strategy Committee are:

1. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
2. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
3. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
4. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
5. Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls;
6. Instituting an appropriate governance mechanism for outsourced processes, comprising of risk based policies and procedures, to effectively identify, measure, monitor and control risks associated with outsourcing in an end to end manner;
7. Defining approval authorities for outsourcing depending on nature of risks and materiality of outsourcing;
8. Developing sound and responsive outsourcing risk management policies and procedures commensurate with the nature, scope, and complexity of outsourcing arrangements;
9. Undertaking a periodic review of outsourcing strategies and all existing material outsourcing arrangements;
10. Evaluating the risks and materiality of all prospective outsourcing based on the framework developed by the Board;
11. Periodically reviewing the effectiveness of policies and procedures;
12. Communicating significant risks in outsourcing to the NBFC's Board on a periodic basis;
13. Ensuring an independent review and audit in accordance with approved policies and procedures;
14. Ensuring that contingency plans have been developed and tested adequately;
15. Ensuring that the business continuity preparedness is not adversely compromised on account of outsourcing;
16. To work in partnership with other Board committees and Senior Management to provide input to them. It will also carry out review and amend the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance.
17. Any other matter as may be mandated/referred by the Authority/Board.

During the year under review 2021-22, the IT Strategy Committee of the Company met two (2) times on August 17, 2021 and February 07, 2022. The necessary quorum was present at the Meeting.

The constitution of the IT Strategy Committee and details of attendance of each Member of the Committee at the aforesaid Meeting(s) of Committee is given below:

Name of the Members	Designation	Category	No. of committee meetings held	No. of committee meetings attended
Mr. Vibhore Sharma[1]	Chairman	Independent Director	2	2
Mr. Nilesh Vikamsey	Member	Independent Director	2	2
Ms. Geeta Mathur	Member	Independent Director	2	2
Mr. Arun Kumar Purwar[2]	Member	Independent Director	N.A.	N.A.
Mr. Ramakrishnan Subramanian[2]	Member	Independent Director	N.A.	N.A.

CORPORATE GOVERNANCE REPORT (Contd.)

Name of the Members	Designation	Category	No. of committee meetings held	No. of committee meetings attended
Mr. Mitesh Vora[3]	Member	Head IT Infrastructure & Cyber Security	2	1
Mr. Aditya Sisodia	Member	Chief Information Officer/Chief Technology Officer (CIO/CTO)	2	2
Mr. Ragunathan Balaji[4]	Member	Chief Technology Officer (CTO)	2	1
Mr. Sanjay Kumar Tiwari[4]	Member	Head IT Infrastructure and Cyber Security	2	1
Mr. Sanjeev Srivastava	Member	Chief Risk Officer	2	2
Mr. Shanker Ramrakhiani	Member	Chief Information Security Officer (CISO)	2	2

[1.] Appointed as a Chairman and Member of the Committee w.e.f. July 27, 2021.

[2.] Appointed as Members of the Committee w.e.f. April 28, 2022.

[3.] Appointed as a Member of the Committee w.e.f. January 27, 2022.

[4.] Ceased to be a Members of the Committee w.e.f. January 27, 2022.

4. PERIODIC REVIEW OF COMPLIANCES OF ALL APPLICABLE LAWS

Your Company follows a system whereby all the Acts, Rules and Listing Regulations applicable to the Company are identified and compliance with such Acts, Rules and Listing Regulations is monitored by dedicated teams on a regular basis. Verification of the compliances with the major Acts/Listing Regulations is carried out by suitable external auditors/lawyers/consultants and their reports and implementation of their observations are reported to the Board/ Audit Committee. In addition, the audit and verification plan and actual status thereof are reviewed by the Board/Audit Committee periodically. A consolidated compliance certificate based on the compliance status received from the Company and respective subsidiaries/associates in respect of various laws, Rules and Regulations applicable to the Company is placed before the Board on a regular basis and reviewed by the Board. Necessary reports are also submitted to the various regulatory authorities as per the requirements, from time to time.

5. GENERAL BODY MEETINGS

The following table gives the details of the last three Annual General Meetings of the Company:

Date of AGM	Location	Time	Whether any Special Resolutions passed
June 30, 2021	Through Video Conferencing	2:00 p.m.	1. To approve an offer or invitation to subscribe to non-convertible debentures on private placement basis. 2. To approve increase in investment limits for Non-Resident Indians and Overseas Citizens of India
June 30, 2020	Through Video Conferencing	11:00 a.m.	1. To approve an offer or invitation to subscribe to non-convertible debentures on private placement basis.
September 30, 2019	Hall of Harmony, Nehru Center, Dr. Annie Besant Road, Worli, Mumbai – 400018	10:00 a.m.	1. To approve an offer or invitation to subscribe to non-convertible debentures on private placement basis. 2. To approve the borrowing limits of the Company and creation of charge/security with respect to borrowing. 3. To re-appoint Mr. Nilesh Vikamsey (DIN: 00031213) as an Independent Director of the Company. 4. To re-appoint Mr. Arun Kumar Purwar (DIN: 00026383) as an Independent Director of the Company. 5. To re-appoint Mr. Nirmal Jain (DIN: 00010535) as a Whole-time Director of the Company. 6. To appoint Mr. Vijay Kumar Chopra (DIN: 02103940) as an Independent Director of the Company. 7. To re-appoint Ms. Geeta Mathur (DIN: 02139552) as an Independent Director of the Company.

Postal Ballot:

During the year under review, no resolution was passed through Postal Ballot. None of the business proposed to be transacted at the ensuing AGM requires passing a resolution through Postal Ballot.

Extra Ordinary General Meeting:

During the year under review, an Extra Ordinary General Meeting of the Company was held on September 30, 2021, to conduct four (4) special businesses out of which two (2) were Special Resolutions. The details of Special Resolutions passed are as follow:

Date of EGM	Location	Time	Whether any Special Resolutions passed
September 30, 2021	Through Video Conferencing	2:00 pm	1. To approve appointment of Mr. Vibhore Sharma (DIN-03314559), as an Independent Director of the Company. 2. To approve appointment of Mr. Ramakrishnan Subramanian (DIN: 02192747), as an Independent Director of the Company.

6. DISCLOSURES

(i) Disclosure on materially significant Related Party Transactions that may have potential conflict with the interest of the Company at large:

The Company has put in place a Policy for Related Party Transactions ("RPTs") which has been approved by the Board. The Policy provides for identification of RPTs, necessary approvals by the Audit Committee/Board/ Shareholders, reporting and disclosure requirements in compliance with the Act and Listing Regulations.

All transactions executed by the Company during the Financial Year with related parties were on arm's length basis and in the ordinary course of business. All such RPTs were placed before the Audit Committee for its approval, wherever applicable.

During the year, the Company has not entered into any material contract(s)/ arrangement(s)/ transaction(s) with related parties, which could be considered material in accordance with the Listing Regulations, sub-section (1) of Section 188 of the Act and the Policy of the Company on materiality of RPTs. The Policy on materiality of RPTs and dealing with RPTs as approved by the Board may be accessed on the website of the Company i.e.https://www.iifl.com/investor-relations/corporate-governance. You may refer Note No. 42 of the Standalone Financial Statements which contains related party disclosures.

(ii) Details of non-compliance

No strictures/penalties were imposed on your Company by the RBI, Stock Exchanges or by the SEBI or by any statutory / regulatory authority on any matter related to the Securities markets during the last three Financial Years.

(iii) Whistle Blower Policy/Vigil Mechanism

In compliance with the provisions of the Act and Listing Regulations, the Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism for employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. The Policy provides adequate safeguard against victimization of Whistle Blower who avails such mechanism and also provides for the access to the Chairman of Audit Committee. None of the Whistle Blowers have been denied access to the Audit Committee. The said Policy as approved by the Board may be accessed on the website of the Company i.e.https://www.iifl.com/investor-relations/corporate-governance.

(iv) Prevention of Insider Trading

In January 2015, SEBI notified the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("PIT Regulations") that came into effect from May 15, 2015. Pursuant thereof, the Company as a listed Company has formulated and adopted a new code for prevention of Insider Trading incorporating the requirements in accordance with the PIT Regulations, clarifications and circulars and the same are updated as and when required.

The Insider Code aims at preserving and preventing misuse of unpublished price sensitive information. All Designated Persons of the Company are covered under the Insider Code, which provides inter alia for periodical disclosures and obtaining preclearance for trading in the securities of your Company. The Company has in place, a tracking mechanism for monitoring trade in the securities of the Company by Designated Persons identified under the Insider Code. Further, a structured digital database is maintained, which contains the names and other particulars as prescribed, of the persons covered under the Insider Code. The Board has also adopted a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ("UPSI") which also includes details of your Company's policy for determination on 'legitimate purposes' as per the requirements of the PIT Regulations and is available on the website of the Company i.e. https://storage.googleapis.com/iifl-finance-storage/files/2021-07/Code_of_Fair_Disclosure_of_UPSI.pdf

Ms. Sneha Patwardhan, Company Secretary is the "Compliance Officer" in terms of the Insider Code.

(v) Compliance with Mandatory and Non-Mandatory Provisions

Your Company has adhered to all the mandatory requirements of Corporate Governance norms as prescribed under Regulations 17 to 27 and Clause (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations to the extent applicable to the Company.

The status on the compliance with the Non- mandatory recommendation in the Listing Regulations is as under:

- The Internal Auditor has direct access to the Audit Committee.
- The Company follows a robust process of communicating with the shareholders which has been explained earlier in the report under "Means of Communication".

(vi) Disclosure of accounting treatment

There was no deviation in following the treatments prescribed in any of the Indian Accounting Standards ("Ind AS") in the preparation of the financial statements of the Company.

(vii) Details of Amount/Shares of the Company

Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividends / interest and principal on Non-Convertible Debentures ("NCDs"), if not claimed for a period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). Further, shares in respect of such dividends which have not been claimed for a period of 7 consecutive years are also liable to be transferred to the demat account of the IEPF Authority.

Accordingly, the Company has transferred ₹ 8,14,002/- on November 16, 2021 being the unclaimed dividend amount, pertaining to interim dividend declared for the Financial Year 2014-15 to the IEPF. The Company has also transferred 1,227 shares on December 04, 2021 to IEPF in accordance with the above provisions. Further, during FY 2021-22, the Company has transferred the unclaimed interest and principal amount on NCDs of ₹ 32,97,909/- to the IEPF on a periodical basis.

In accordance with the IEPF Rules, the Company has sent notices to the Members whose shares were due for transfer to IEPF Authority and simultaneously published an advertisement in the newspaper. The details of such Members may be accessed on the website of the Company i.e. www.iifl.com.

Details of date of declaration of dividend and due date of transfer to IEPF are available on the website of the Company i.e. www.iifl.com.

7. MEANS OF COMMUNICATION TO THE STAKEHOLDERS

The primary source of information to the shareholders, customers, analysts and other stakeholders of your Company and to public at large is through the website of your Company www.iifl.com. The annual report, quarterly results, shareholding pattern, material events, corporate actions, copies of press releases, schedule of analysts/investor meets, among others, are regularly sent to the Stock Exchanges and uploaded on the website of the Company. Quarterly/ Annual Financial Results are regularly submitted to the Stock Exchanges in accordance with the Listing Regulations.

The Board has approved a policy for determining materiality of events for the purpose of making disclosure to the Stock Exchanges. The Chairman, Managing Director, Chief Executive Officer, Chief Financial Officer and the Company Secretary of the Company are empowered to decide on the materiality of the information for the purpose of making disclosure to the Stock Exchanges.

All the disclosures made to the Stock Exchanges are also available on the website of the Company i.e. https://www.iifl.com/finance/investor-relations/newsroom

The quarterly and annual financial results of your Company are published in widely circulated English newspaper viz. "Free Press Journal" and Marathi newspaper "Navshakti". Your Company also regularly makes presentations to investment analysts in their meetings held from time to time, transcripts of which are uploaded on the website of the Company i.e. www.iifl.com. The schedule of Analyst meets/ Institutional Investors meets are also informed to the public through the Stock Exchanges.

In terms of Regulation 30 of the Listing Regulations, the Company has formulated a policy on maintaining and preserving timely and accurate records uploaded on the website of the Company. The same is available on the website the Company i.e. https://storage.googleapis.com/iifl-finance-storage/files/2021-03/Policy-on-preservation-of-Documents-Archival-Policy_0_0.pdf

CORPORATE GOVERNANCE REPORT (Contd.)

The Company's website contains a separate section namely "Investor Relations" at https://www.iifl.com/finance/investor-relations/overview where Members related information is available and Members can access the information as required to be disseminated on the website of the Company pursuant to clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

8. GENERAL SHAREHOLDERS' INFORMATION

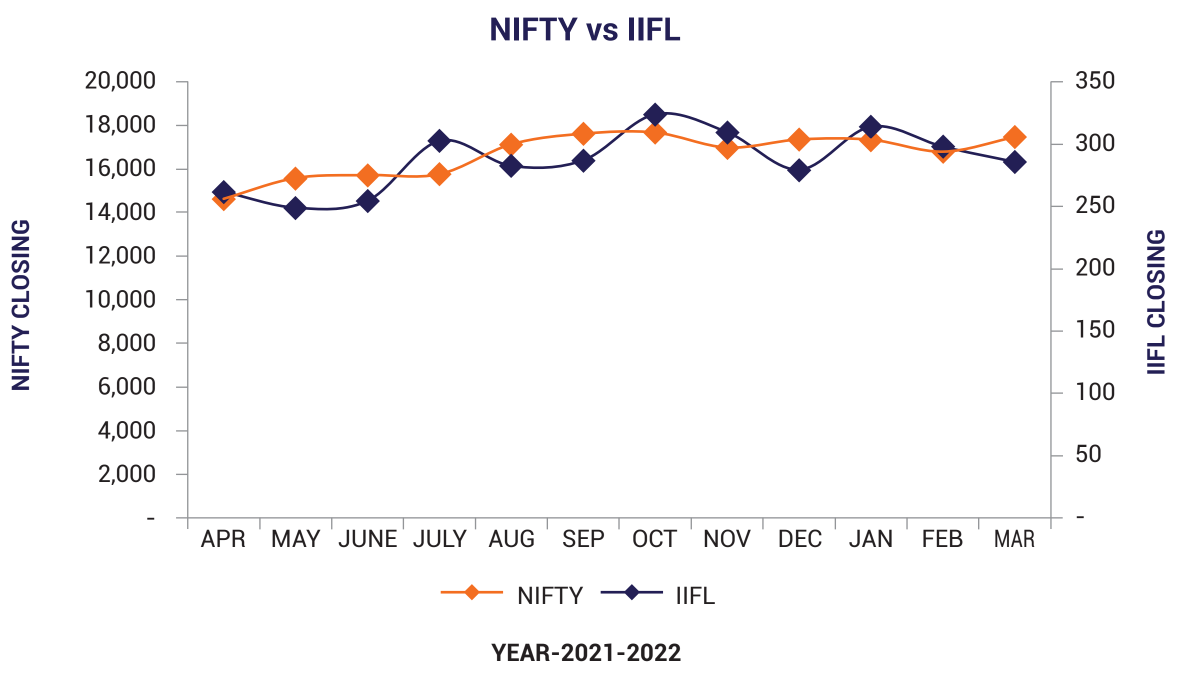
1.	**Annual General Meeting**	Friday, July 08, 2022 at 2:00 p.m. The Company is conducting the AGM through Video Conferencing / Other Audio Visual Mode pursuant to the MCA Circular dated May 05, 2020 read with circulars dated April 09, 2020, April 13, 2020 and May 05, 2022 and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of the ensuing AGM.
2.	**Financial Calendar (2022-23)**	April 01, 2022 to March 31, 2023
		Results for the quarter ended June 30, 2022- within 45 days from the end of the quarter
		Results for the quarter ended September 30, 2022 - within 45 days from the end of the quarter
		Results for the quarter ended December 31, 2022 - within 45 days from the end of the quarter
		Results for the quarter and year ended March 31, 2023 - within 60 days from the end of the quarter
3.	**Book closure date**	Saturday, July 02, 2022 to Friday, July 08, 2022
4.	**Interim dividend**	During FY 2021-22, your Company had declared an interim dividend of ₹ 3.50/- per Equity Share on January 27, 2022 and the same was paid on February 11, 2022.
5.	**Listing of equity shares on Stock Exchanges at**	1. **National Stock Exchange of India Limited ("NSE")** Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E) Mumbai-400 051 2. **BSE Limited ("BSE")** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001 3. **Singapore Exchange Securities Trading Limited ("SGX-ST")** 4. **NSE IFSC Limited** Note: The Non-Convertible Debentures ("NCDs") issued to Public are listed on BSE and NSE. These said NCDs are listed and traded on NSE and BSE. Senior Secured Notes issued under Medium Term Note Programme are listed on SGX-ST and NSE IFSC Limited. The Listing Fees as applicable have been duly paid to the aforesaid Stock Exchanges.
6.	**Stock code**	National Stock Exchange of India Limited – IIFL BSE Limited – 532636 Singapore Exchange Securities Trading Limited (SGX-ST) – Y5BB NSE IFSC Limited–IIFL23 Note: The Publicly Issued Non- Convertible Debentures ("NCDs") are listed on BSE and NSE. These said NCDs are listed and traded on NSE and BSE. Senior Secured Notes issued under Medium Term Note Programme are listed on SGX-ST and NSE IFSC Limited.

CORPORATE GOVERNANCE REPORT (Contd.)

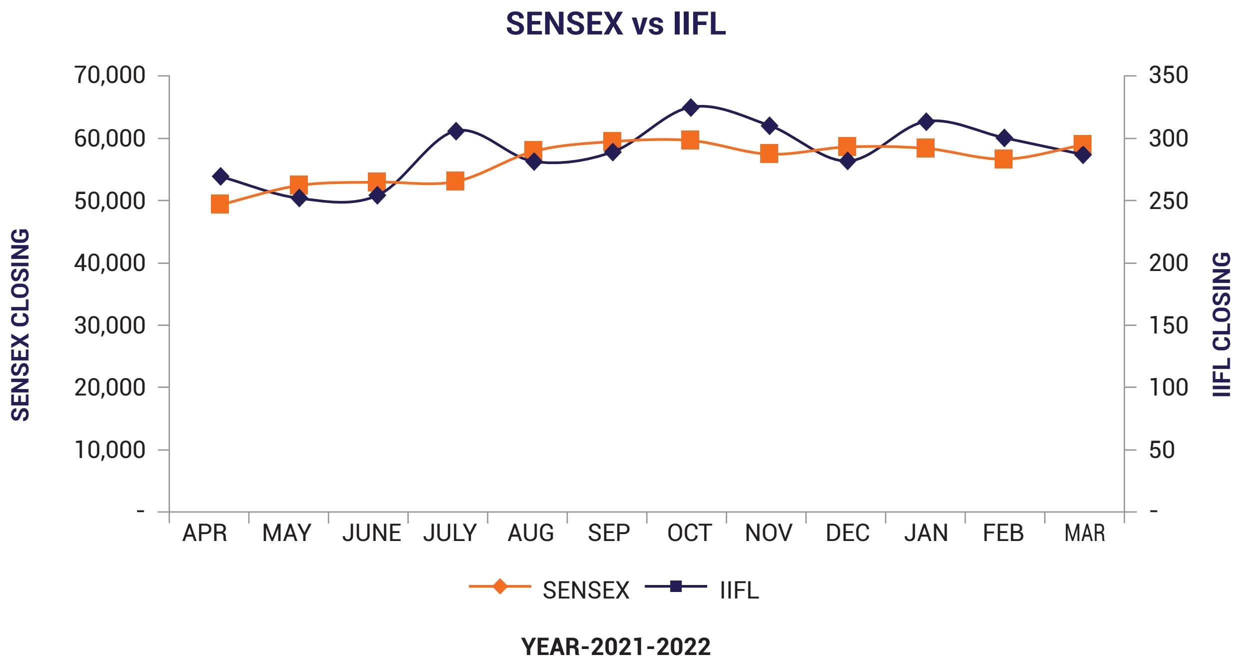
7. **Stock market data**

Table below gives the monthly high and low quotations of shares traded at BSE Limited and the National Stock Exchange of India Limited for the current year. The chart below plots the monthly closing price of the Company versus the BSE - Sensex and NSE - S&P CNX Nifty for the year ended March 31, 2022.

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
April, 2021	297.90	241.00	7,55,559	295.90	241.00	36,13,894
May, 2021	283.55	244.10	4,75,526	277.65	239.40	45,01,706
June, 2021	289.95	234.05	1,44,03,350	290.00	237.05	27,23,222
July, 2021	313.00	245.00	10,34,535	312.70	246.05	66,31,574
August, 2021	308.50	267.00	2,32,056	310.00	268.90	23,21,729
September, 2021	322.80	260.40	1,52,55,789	322.85	260.20	3,15,79,184
October, 2021	329.00	278.05	15,22,629	329.00	278.00	1,10,98,199
November, 2021	375.05	289.50	13,68,769	374.90	285.50	1,16,52,483
December, 2021	337.40	266.60	1,72,41,134	337.35	266.05	4,69,22,363
January, 2022	330.00	277.50	10,09,319	329.00	277.00	1,13,71,286
February, 2022	374.80	284.15	13,16,222	359.65	281.40	1,29,62,563
March, 2022	309.25	269.55	10,66,541	309.60	269.40	1,57,09,275



CORPORATE GOVERNANCE REPORT (Contd.)



8.	**Demat ISIN numbers in NSDL and CDSL for equity shares**	ISIN - INE530B01024 *ISIN of equity shares
9.	**Registrar & Transfer Agent**	Link Intime India Private Limited C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Gandhi Nagar, Vikhroli West, Mumbai, Maharashtra 400083 Tel: 022-49186000 Email: rnt.helpdesk@linkintime.co.in Email: bonds.helpdesk@linkintime.co.in
10.	**Share transfer system**	Your Company's shares are compulsorily traded in dematerialized form. The transfer, if any, of physical shares are processed and returned to the Shareholders within the prescribed statutory period. All share transfers and other share related issues are approved in the Stakeholders Relationship Committee Meeting, which is normally convened as and when required.
11.	**Dematerialization of shares**	As on March 31, 2022, 99.93% of the paid-up share capital of the Company was in dematerialized form. Trading in equity shares of the Company is permitted only in dematerialized form through CDSL and NSDL as per notifications issued by SEBI.
12.	**Correspondence for dematerialization, transfer of shares, non-receipt of dividend on shares and any other query relating to the shares of the Company**	Link Intime India Private Limited C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Gandhi Nagar, Vikhroli West, Mumbai, Maharashtra 400083 Contact Person: Mr. Jai Prakash VP, Tel: 022-49186270

CORPORATE GOVERNANCE REPORT (Contd.)

13.	**Address for correspondence**	Ms. Sneha Patwardhan, Company Secretary and Compliance Officer 802, 8th Floor, Hubtown Solaris, N. S. Phadke Marg, Vijay Nagar, Andheri East, Mumbai – 400069. Email: shareholders@iifl.com
14.	**Outstanding GDRs/ ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity**	The Company does not have any outstanding GDRs/ADRs/Warrants as on date. The Company has outstanding unexercised ESOPs (vested or not vested) of 47,19,138 stock options as on March 31, 2022 under its ESOP plans which may be exercised by the grantees as per the vesting period. Each option granted is convertible into one equity share of the Company. Upon exercise of options by grantees, the paid-up share capital of the Company will accordingly increase.
15.	**Credit Rating**	The list of credit ratings for all instruments have been provided in the Directors' Report.

9. SHAREHOLDING PATTERN

Categories of Equity Shareholders as on March 31, 2022:

Category	**Number of equity shares held**	**Percentage of holding**
Clearing Members	3,65,352	0.10
Other Bodies Corporate	1,07,10,081	2.82
Directors	2,60,000	0.07
Foreign Company	11,41,43,032	30.07
Hindu Undivided Family	14,88,832	0.39
Mutual Funds	2,38,671	0.06
Non Nationalized Banks	307	0.00
Foreign Nationals	1,51,000	0.04
Non Resident Indians	1,62,32,601	4.28
Non Resident (Non Repatriable)	1,19,76,817	3.16
Persons Acting In Concert	45,68,904	1.20
Public	4,55,09,396	11.99
Promoters	8,99,78,586	23.70
Trusts	75,500	0.02
Insurance Companies	8,59,148	0.23
Body Corporate - Limited Liability Partnership	16,08,079	0.42
Foreign Portfolio Investors (Individual)	79,388	0.02
Foreign Portfolio Investors (Corporate)	7,84,41,919	20.66
Alternate Investment Funds	28,51,588	0.75
NBFCs registered with RBI	13,700	0.00
Investor Education And Protection Fund	45,810	0.01
Grand Total	**37,95,98,711**	**100**

CORPORATE GOVERNANCE REPORT (Contd.)

10. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2022

The distribution of shareholders as on March 31, 2022 is as follows:

No. of equity shares held (range)	No. of shareholders	% of shareholders	No. of shares	% of share Holding
1 to 500	54,995	84.65	46,72,324	1.23
501 to 1000	4,725	7.27	35,50,265	0.94
1001 to 2000	2,319	3.57	34,04,048	0.90
2001 to 3000	877	1.35	22,09,560	0.58
3001 to 4000	419	0.65	14,82,339	0.39
4001 to 5000	311	0.48	14,56,811	0.38
5001 to 10000	555	0.85	41,90,248	1.10
10001 and more	764	1.18	35,86,33,116	94.48
Total	**64,965**	**100**	**37,95,98,711**	**100**

11. PROCEEDS FROM PUBLIC ISSUES, RIGHTS ISSUES AND PREFERENTIAL ISSUE, AMONG OTHERS

Money raised through those Public Issue of Non-Convertible Debentures have been utilized for the purposes, as disclosed in the Prospectus, for which it was raised and there has been no deviation as on date in the utilization of the moneys so raised.

12. SUBSIDIARY COMPANIES

For the FY 2021-22, your Company has two (2) Material Subsidiaries i.e. IIFL Home Finance Limited and IIFL Samasta Finance Limited (formerly known as Samasta Microfinance Limited).

During the year under review, IIHFL Sales Limited was incorporated on September 28, 2021 as a wholly owned subsidiary of IIFL Home Finance Limited, wholly owned subsidiary of the Company. Accordingly, IIHFL Sales Limited became the step-down subsidiary of the Company.

For the FY 2022-23, your Company has three (3) subsidiaries out of which two (2) are material subsidiary i.e. IIFL Home Finance Limited and IIFL Samasta Finance Limited (formerly known as Samasta Microfinance Limited).

The Audit Committee reviews the financial statements including particulars of investments made by all the unlisted subsidiary Companies.

Your Company has a system of placing the minutes of the Board/Audit Committee and statements of all the significant transactions/developments of all the unlisted subsidiary companies at the Meeting of Board of Directors of the Company.

The policy for determining 'material' subsidiaries as approved by the Board may be accessed on the website of the Company i.e. https://www.iifl.com/investor-relations/corporate-governance.

13. CEO/CFO CERTIFICATE

The Certificate required under Listing Regulations duly signed by the CEO and CFO was submitted to the Board and the same is annexed to this Report.

14. PREVENTION OF SEXUAL HARASSMENT

Your Company recognizes its responsibility and continues to provide a safe working environment for women, free from sexual harassment and discrimination. In Compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has put in place a Policy on prevention of Sexual Harassment of Women at Workplace.

The following Complaints were reported pursuant to Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for the FY 2021-22:

a) Number of complaints received in the year: 3

b) Number of complaints disposed off during the year: 3

c) Number of cases pending as on end of the year: 0

d) Number of workshops or awareness programme against sexual harassment carried out: The Company has conducted training for creating awareness against the sexual harassment against women at work place.

e) Nature of action taken by the employer or district officer: Not applicable

15. COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

Your Company actively monitors the foreign exchange movements and takes forward/options covers as appropriate to reduce the risks associated with transactions in foreign currencies.

The Company has not taken any exposure in commodity hedging activities.

CORPORATE GOVERNANCE REPORT (Contd.)

16. TOTAL FEES TO STATUTORY AUDITOR:

Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the Joint Statutory Auditors and all entities in the network firm/ network entity of which the statutory auditor is a part, are as follows:

Particulars	Amount (₹ in Million)
Audit Fees	9.99
Certification / other services*	2.38
Out of Pocket Expenses	0.61
Total	**12.98**

* During the year the Group has paid ₹ 9.67 million to the Auditors towards certification pertaining to Public Issue of Non-Convertible Debentures the same has been amortized over the tenure of the borrowings.

17. CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

The Company has obtained the certificate from M/s. Nilesh Shah & Associates, Practicing Company Secretary required under the Listing Regulations confirming that none of the Directors on Board of the Company as on March 31, 2022 have been debarred or disqualified from being appointed or continuing as Director of the Company by SEBI / MCA or any such other statutory authority.

18. CERTIFICATE ON CORPORATE GOVERNANCE

The certificate received from the Secretarial Auditors of the Company, M/s. Nilesh Shah & Associates, Practicing Company Secretary confirming the compliance of conditions of corporate governance is annexed to this Report in terms of the provisions of Part E of Schedule V of the Listing Regulations.

19. CODE OF CONDUCT

In compliance with Regulations 17(5) and 26(3) of the Listing Regulations, the Company has adopted a Code of Conduct for the Board Members and Senior Management of the Company ("the Code"). The Code is applicable to all the Board Members and Senior Management of the Company. The Code is available on the website of the Company i.e. https://storage.googleapis.com/iifl-finance-storage/files/2021-03/Code_of_Conduct_2020.pdf

The Senior Management Personnel of the Company have made disclosures to the Board confirming that there are no material financial and/or commercial transactions between them and the Company that could have potential conflict of interest with the Company at large. All the Board Members and Senior Management Personnel have confirmed compliance with the Code during the Financial Year under review and a declaration to that effect signed by the Chairman of the Company forms a part of this Annual Report.

For **IIFL Finance Limited**

Arun Kumar Purwar
Chairman & Independent Director
(DIN: 00026383)

Place: Mumbai
Date: April 28, 2022

ANNEXURE

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members,
IIFL Finance Limited
IIFL House, Sun Infotech Park,
Road No. 16V, Plot No. B-23,
Thane Industrial Area,
Wagle Estate, Thane – 400 604.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **IIFL Finance Limited,** having CIN: **L67100MH1995PLC093797** and having registered office situated at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane – 400 604 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and carried by us and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **March 31, 2022** have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

Sr. No.	Name of Director	DIN	Date of Appointment in Company
1.	Nirmal Jain	00010535	18/10/1995
2.	R Venkataraman	00011919	05/07/1999
3.	Arun Kumar Purwar	00026383	10/03/2008
4.	Nilesh Vikamsey	00031213	11/02/2005
5.	Chandran Ratnaswami	00109215	15/05/2012
6.	Vijay Kumar Chopra	02103940	21/05/2019
7.	Geeta Mathur	02139552	18/09/2014
8.	Vibhore Sharma	03314559	01/07/2021
9.	Ramakrishnan Subramanian	02192747	06/09/2021

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Name : Nilesh Shah
For **Nilesh Shah & Associates**

FCS : 4554
C.P. : 2631
Peer Review No. **698/2020**

Date : April 28, 2022
Place : Mumbai
UDIN: F004554D000233838

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,
The Board of Directors
IIFL Finance Limited

We certify that;

(a) We have reviewed the financial statements and the cash flow statement of IIFL Finance Limited for the year ended March 31, 2022 and that to the best of our knowledge and belief:

   (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the Company's internal control systems pertaining to financial reporting. We have not come across any deficiencies in the design or operation of such internal controls.

(d) We have indicated to the Auditors and the Audit Committee:

   (i) Significant changes in internal control over financial reporting during the year;

   (ii) That there are no significant changes in accounting policies during the year;

   (iii) That there are no instances of significant fraud of which we have become aware.

Nirmal Jain
Managing Director
DIN: 00010535

R Venkataraman
Joint Managing Director
DIN: 00011919

Rajesh Rajak
Chief Financial Officer

Place: Mumbai
Date: April 28, 2022

DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for its Board Members and the Senior Management Personnel and the same is available on the Company's website. I confirm that the Company has in respect of Financial Year ended March 31, 2022, received from the Board Members and Senior Management Personnel of the Company, declaration of compliance with the Code of Conduct as applicable to them.

For **IIFL Finance Limited**

Arun Kumar Purwar
Chairman & Independent Director
(DIN: 00026383)

Place: Mumbai
Date: April 28, 2022

CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

IIFL Finance Limited

Mumbai

We have examined the compliance of conditions of Corporate Governance by **IIFL Finance Limited** ('the Company'), for the financial year ended on **31st March, 2022**, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent applicable.

The compliance with conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Nilesh Shah & Associates**
Company Secretaries

Nilesh Shah
Partner
FCS : 4554
C.P. No. : 2631
Peer Review No. 698/2020

Place: Mumbai
Date: April 28, 2022
UDIN: F004554D000233827

Note: In view of the restrictions imposed by the Government of India on the movement of people across India to contain the spread of Covid-19 pandemic, which led to the complete lockdown across the nation, we have relied on electronic data for verification of certain records.

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Sr. No.	Particulars	Reply
1.	**Corporate Identity Number ("CIN") of the Company**	L67100MH1995PLC093797
2.	**Name of the Company**	IIFL Finance Limited ("IIFL")
3.	**Registered Address**	IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane, Maharashtra - 400604
4.	**Website**	www.iifl.com
5.	**Email ID**	shareholders@iifl.com
6.	**Financial Year Reported**	April 01, 2021- March 31, 2022
7.	**Sector(s) that the Company is engaged in (industrial activity code-wise)**	National Industrial Classification 2008 Code: 6492- Other Credit Granting
8.	**List three key products/services that the Company manufactures/provides (as in balance sheet)**	IIFL is a financial services Company offering financing through varied loan products through itself and its subsidiaries.
9.	**Total number of locations where business activity is undertaken by the Company**	
	(a) Number of International Locations (Provide details of major 5)	Nil
	(b) Number of National Locations	IIFL has its Registered Office at Thane and Corporate Office in Mumbai in the State of Maharashtra. The Company and its subsidiaries have PAN-India presence through a network of around 3,296 branches as on March 31, 2022.
10.	**Markets served by the Company – Local/State/National/International**	IIFL serves its customers in various Local/State/National locations.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

Sr. No.	Particulars	Reply
1.	**Paid up capital (₹)**	₹ 759.20 Million
2.	**Total turnover (₹)**	Consolidated: ₹70,062.79 Million Standalone: ₹40,892.53 Million
3.	**Total profit after taxes (₹)**	Consolidated: ₹11,882.50 Million Standalone: ₹7,454.84 Million
4.	**Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)**	Please refer Annual Report on CSR activities annexed to Directors' Report.
5.	**List of activities in which expenditure in 4 above has been incurred**	Please refer Annual Report on CSR activities annexed to Directors' Report.

SECTION C: OTHER DETAILS

1. **Does the Company have any Subsidiary Company/ Companies?**

   Yes – IIFL has 3 subsidiaries viz. IIFL Home Finance Limited, IIFL Samasta Finance Limited (formerly known as Samasta Microfinance Limited) and IIHFL Sales Limited, wholly owned subsidiary of IIFL Home Finance Limited. Accordingly, IIHFL Sales Limited is the step-down subsidiary of the Company.

2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary companies**

   The subsidiaries participated in the BR initiatives of the Company for the Financial Year 2021-22 through India Infoline Foundation a Section 8 Company incorporated under the Companies Act, 2013, set up by IIFL Group which acts as a principal arm to undertake CSR initiatives on behalf of the Company and its subsidiaries.

BUSINESS RESPONSIBILITY REPORT (Contd.)

3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

   No

SECTION D: BR INFORMATION

1. **Details of Director/Directors responsible for BR**

   (a) Details of the Director/Directors responsible for implementation of the BR Policy/Policies

   1. DIN: 00011919
   2. Name: Mr. R Venkataraman
   3. Designation: Joint Managing Director

   (b) Details of the BR head

Sr. No.	Particulars	Details
1.	DIN (if applicable)	00011919
2.	Name	Mr. R Venkataraman
3.	Designation	Joint Managing Director
4.	Telephone number	+91 22 6788 1000
5.	Email ID	shareholders@iifl.com

2. **Principle-wise (as per NVGs) BR Policy/Policies**

   (a) Details of Compliance (Reply in Y/N)

   National Voluntary Guidelines (NVGs) on social, environmental and economic responsibilities of business prescribed by the Ministry of Corporate Affairs advocates the nine principles detailed below:

   P1 - Businesses should conduct and govern themselves with ethics, transparency and accountability.

   P2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

   P3 - Businesses should promote the well-being of all employees.

   P4 - Businesses should respect the interests of, and be responsive towards stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

   P5 - Businesses should respect and promote human rights.

   P6 - Business should respect, protect and make efforts to restore the environment.

   P7 - Businesses, when engaged in influencing public and regulatory Policy, should do so in a responsible manner.

   P8 - Businesses should support inclusive growth and equitable development.

   P9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner.

BUSINESS RESPONSIBILITY REPORT (Contd.)

The principle wise responses are as follows:

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a Policy/ Policies for....	Y	Y	Y	Y	Y	Y	N	Y	Y
2.	Has the Policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3.	Does the Policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	-	Y	Y
4.	Has the Policy being approved by the Board? If yes, has it been signed by MD/owner/CEO appropriate Director?	Y	Y	Y	Y	Y	Y	-	Y	Y
5.	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the Policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
6.	Indicate the link for the Policy to be viewed online?	Y	Y	Y	Y	Y	Y	-	Y	Y
7.	Has the Policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
8.	Does the Company have in-house structure to implement the Policy/Policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the Policy/ Policies to address stakeholders' grievances related to the Policy/ Policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
10.	Has the Company carried out independent audit/ evaluation of the working of this Policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	-	Y	Y

Notes:

P1 Sr. No. 3 - The Company has in place Code of Conduct and other Policies which are based on guidelines and key indicators prescribed under Rules and Regulations of RBI/SEBI/NHB and Companies Act, 2013. Sr. No. 6 - The Policies are available on the website of the Company i.e. www.iifl.com. The internal Policies and documents are accessible only to employees of the organization and made available through IIFL Intranet.

P2 The Company complies with regulations governing its products and services and has taken initiatives to promote inclusive growth and environmental sustainability.

P3 Sr. No. 3- The Company has adopted various employee oriented Policies covering areas such as employee benefits, whistle blower mechanism, prevention of sexual harassment Policy and Code of Conduct for employees at the workplace as per applicable laws. Sr. No. 6- These Policies can be accessed online by the employees of the Company through IIFL Intranet.

P4 Sr. No. 3 and 6- The Company has prescribed processes to achieve the objectives described under this principle. The Company has a Corporate Social Responsibility Policy formulated as per the Companies Act, 2013 which can be viewed on the website of the Company i.e. https://storage.googleapis.com/iifl-finance-storage/files/2022-04/CSR_Policy_IIFLFinance_1April2022.pdf

P5 Sr. No. 3- IIFL has put in place Code of Conduct which focuses on best employment practices. The Code of Conduct is in adherence to the regulatory and business requirements. Sr. No. 6- The said Code of Conduct is made available on the intranet of the Company.

P6 Sr. No. 3 and 6- IIFL complies with applicable environmental regulations and has framed the Environmental Social and Governance Policy and framework. The Policy is accessible to the employees of the Company through IIFL Intranet.

P7 Keeping in view IIFL's nature of business i.e. financial services, such Policy is not applicable to the Company.

P8 Sr. No. 3 and 6- IIFL has a Corporate Social Responsibility Policy formulated as per Companies Act, 2013 which can be viewed on the website of the Company i.e. https://storage.googleapis.com/iifl-finance-storage/files/2022-04/CSR_Policy_IIFLFinance_1April2022.pdf. The Company also has Environmental Social and Governance Policy. This Policy is available to the employees of the Company through IIFL Intranet.

P 9 Sr. No. 3- IIFL has Grievance Redressal Policy for its customers which conform to the regulatory guidelines. Sr. No. 6- The Policies can be viewed on the website of the Company i.e. www.iifl.com

(b) **If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)**

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principles									
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the Policies on specified principles									
3.	The Company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify): Keeping in view the Companies nature of business i.e. financial services, such Policy is not applicable to the Company.							✓		

3. Governance related to BR

(a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**

The Report is reviewed annually by the Board of Directors.

(b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

This Business Responsibility Report of IIFL is a part of the Annual Report for the Financial Year 2021-22. The same will also be available on the website of the Company i.e. www.iifl.com.

Sustainability Report for FY 2020-21 is available on the website of the Company i.e. https://storage.googleapis.com/iifl-finance-storage/files/investor/financials/Sustainably_Report_2020_21.pdf. The Sustainability Report for FY 2021-22 shall also be uploaded on the website of the Company i.e. https://www.iifl.com/finance/investor-relations/financials

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

1. **Does the Policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others?**

IIFL conducts its business with utmost integrity. It considers ethics, transparency and accountability to be its most important operational priorities and these are ingrained into its practices across the organization. It can be summarized in one acronym – FIT, which stands for:

- **Fairness** in all our transactions
- **Integrity** and honesty in letter, in spirit and in all our dealings with people
- **Transparency** in all our dealings with various stakeholders

The Company is committed to act professionally, fairly and with integrity in all its dealings. The Company, through its Code of Conduct, has adopted a 'zero-tolerance' approach to bribery and corruption. The Code is applicable to Directors and employees of the Company as well as the Directors and employees of the subsidiary Companies. The Code also applies to third party representatives appointed by the Company such as agents, consultants and others working on behalf of the Company irrespective of their location, function or grade.

2. **How many stakeholder complaints have been received in the past Financial Year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

The number of complaints received from investors in FY 2021-22 was twenty-two (22) out of which no complaint was pending as on March 31, 2022.

With respect to employees, the Company has a mechanism as provided under the Whistle Blower Policy/Prevention of Sexual Harassment Policy whereby employees can raise their concerns. A report on the concerns received and the manner in which they are dealt with is periodically reported to the Audit Committee.

BUSINESS RESPONSIBILITY REPORT (Contd.)

Principle 2

1. **List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

   IIFL along with its subsidiaries viz. IIFL Home Finance Limited and IIFL Samasta Finance Limited provides various loan products to cater to different classes of customers through an expansive network of branches and direct selling agents. Some of our customized products include home loans, gold loans, business loans to small and medium enterprises and micro finance.

   Some of our products offered by its subsidiaries which incorporate social concerns /opportunities are:

   (i) **Home Loan**

   In the home loan segment, we provide small ticket home loans to borrowers from lower income segments. Our 'Swaraj' program specially caters to loans provided under the affordable housing category. Our typical borrowers are first time buyers, employed in the informal sector or owning small businesses. With this product we aim to address the essential social need of owning a house. We have provided over 151,000 loans to first time home buyers and 61% of the total loans are given to female owners/co – owners. Affordable housing projects accounted for 93.6% of the home loan disbursements in FY 2021-22. Over 63,400 loans have been given to informal sector. We have provided over ₹ 13,000 Million subsidy till date to over 55,700 families through CLSS subsidy scheme under the Pradhan Mantri Awas Yojana (PMAY) scheme.

   Platform for Green Affordable Housing and Finance, through Research, Policy and Technology for a Sustainable Eco-System or purpose is a thought leadership initiative aimed at creating and enabling ecosystem in India for Green Affordable Housing. Under this programme, a guidebook called 'Building Green, IIFL Home Loan's Guide to Sustainable Affordable Housing' was released in 2020-21. It is a handbook that provides developers, architects, construction engineers, and homeowners with design and construction instructions for Green Affordable Housing.

   With 'Kutumb' Green Building Initiative, we strive to reduce our natural resource footprint and carbon emissions by encouraging measures that enable these reductions and alleviate climate change impacts while keeping housing affordable for the people. The same is being done in partnership with housing developers and specialists.

   (ii) **Microfinance**

   In the Microfinance Segment, we are offering credit support to women who have either limited or no access to formal banking channels. We provide financial services to the economically weaker sections of the society with an aim to bring microfinance services like micro loans and credit linked insurance to the doorstep of rural and semi-urban BoP (Bottom of Pyramid) families in India. Microfinance facilitates the creation of business and markets for the economically weaker communities and leads to improvement in their quality of life.

   (iii) **Small Business Loans**

   In the SME loans segment, we provide working capital finance to small business owners. We provide small ticket loans, thereby being able to meet the needs of small scale businesses including standalone shops etc. This product facilitates bank-excluded customers access of essential capital to keep their business running and provides support to the plethora of micro and small scale enterprises that are crucial to India's economy.

   (iv) **Gold Loans**

   Gold has traditionally been a critical asset for Indian households and is relied upon to meet personal and professional financial needs, from time to time, for example to finance marriages, education, medical emergencies, working capital for small businesses etc. We provide loan against gold, catering to these needs, from a wide network of branches spread all across the Country. Out of the total loans provided, 64% of the loans are of less than ₹ 50,000.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

   Considering the nature of business of the Company and the products/initiatives referred to above, some of the questions below are not applicable to the Company.

   i. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

      Not Applicable

   ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

      Please refer to the response under Principle 6.

BUSINESS RESPONSIBILITY REPORT (Contd.)

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

   IIFL being a financial services Company does not have any goods and raw material utilization as part of its products and services. IIFL's major material requirements are related to office infrastructure, administration, IT related equipments and services. Although, there is very limited procurement requirement, the Company takes various initiatives to have responsible sourcing.

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

   IIFL, being a financial services Company procures its necessary requirements from local suppliers and vendors. The Company has taken various initiatives for development of local communities; the details thereof are available in Annual Report on CSR activities annexed to Directors' Report. Kindly refer the same.

5. **Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

   As the Company is not a manufacturing entity; the waste generated at our premises is being managed through the process of normal waste disposal. Our Company has defined procedures in place to dispose off e-waste through authorized e-waste vendors. Most of our Company's businesses incorporate social and environmental concerns in its finance operations. As a recycling initiative waste, water is entirely treated and re-utilized for gardening, flushing and cooling tower requirements in two of our large offices.

Principle 3

1. **Please indicate the Total number of employees.**

   IIFL and its subsidiaries had **28,995** employees (including contractual employees) as on March 31, 2022.

2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis.**

   IIFL and its subsidiaries had **115** employees as on March 31, 2022 on temporary/contractual/casual basis.

3. **Please indicate the Number of permanent women employees.**

   IIFL and its subsidiaries had **4,756 permanent** women employees as on March 31, 2022.

4. **Please indicate the Number of permanent employees with disabilities.**

   IIFL does not specifically track the number of disabled employees. IIFL is an equal opportunity employer and treats all its employees equally.

5. **Do you have an employee association that is recognized by management?**

   No

6. **What percentage of your permanent employees is members of this recognized employee association?**

   Not Applicable

7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last Financial Year and pending, as on the end of the Financial Year.**

   Three (3) cases of sexual harassment were reported in IIFL and NIL cases in its subsidiaries during the Financial Year 2021-22 and all were disposed off after due verification/investigation and appropriate actions initiated, if any. No complaints were received in other areas.

8. **What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?**

   (a) **Permanent Employees** -77%

   (b) **Permanent Women Employees** -90%

   (c) **Casual/Temporary/Contractual Employees** -36%

   (d) **Employees with Disabilities** -N.A.

   Safety at work place is looked at in a multidimensional approach at IIFL. Following elements fall under the purview of employee safety:

1. **Fire and Safety Training:**

   Fire and Safety drills are conducted at regular intervals by the qualified security inspectors at our zonal, regional and area offices, and awareness drive is also undertaken at our branches regularly.

2. **Information Security Awareness & Data Privacy:**

   Information Security Awareness and Data Privacy training is regularly undertaken to ensure that there is no data theft or leakage or malicious content which may disrupt the functioning of the organization.

BUSINESS RESPONSIBILITY REPORT (Contd.)

3. **Prevention against Sexual Harassment at Work place:**

   Apart from the presence of a Prevention of Sexual Harassment Committee, e-learning courses are also deployed to every employee in the organization, under the set of mandatory courses for completion.

4. **Health and Wellness:**

   a. Through our Health & Fitness app HealthifyMe, employees are provided free access to personal health coaches, diet charts, exercise options etc.

   b. Often health checkup camps and yoga sessions are conducted to ensure mental and physical well being of employees, irrespective of gender.

   c. Regular blood donation and other health camps are organized through HR and CSR teams to spread the word of living a healthy life.

5. **Safety against indulging in Insider Trading activities:**

   The Company has laid down clear Policies on prevention of Insider Trading and every employee undertakes a commitment towards not engaging in acts which fall under the purview of Insider Trading. We also have digital learning content which clearly explain the expectations from management w.r.t. compliance of SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended.

6. **Work Process Adherence and Safety:**

   a. Through sensitising employees on 'Gifts Policy' through an online medium, organization ensures that employees are adequately informed and trained on nuances with regard to acceptance of gifts from third party Associates/Consultants/ Customers/Vendors.

   b. Through our e-learning module on 'Anti-Bribery & Corruption', awareness among employees is developed on various organizational Policies on bribery and corruption, clearly demarcating the do's and dont's of business.

From a skill enhancement perspective, following interventions are made available to employees, through our digital platform MoneyVersity, thus ensuring learning on the go and an opportunity to access content at the users convenience.

A structured induction process for new recruits ensures that all role related functional and skill inputs are made available for self directed learning on day 1 of joining itself, through high quality video modules, delivered through our Learning Management System. For specific businesses, on the job trainings are also provided and are digitally monitored to ensure quick induction to business work flows and processes.

Through our Learning Experience Platform – MoneyVersity, employees are given access to skill building opportunities through access to world class content available in world wide web, as well as custom designed IIFL's proprietary modules. The learning opportunities go beyond just product, Policy and process to aspects of Health & Wellness, News and Views in financial space, Motivational videos, Financial Literacy, and to the extent of updates on COVID-19 and Social Distancing.

Mental wellness is also promoted through various experiential sessions conducted for employees.

Principle 4

1. **Has the Company mapped its internal and external stakeholders?**

   Yes

2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?**

   Yes

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

   The Company under its CSR Policy and through India Infoline foundation (IIFL Foundation) has devised a strategy – HELP, focusing over four areas - Health, Education, Livelihood and Poverty Alleviation.

   Health - Under Mission Conquer COVID, IIFL Foundation distributed 165 Oxygen Concentrators together in the State of Rajasthan and Maharashtra. The frontline workers in rural villages viz. Asha Workers and Auxiliary Nurse Midwives (ANMs) were supported with COVID Relief Kit, to ensure their safety in line of work. IIFL Foundation undertook development of Operation Theatres, ICU Wards, Ophthalmic Check-up ward and OPD at Government Hospital (Udaipur, Rajasthan) that is accessed by the financially weaker section for medical treatment and emergencies. IIFL Foundation also made donations of 2 Ambulances, Ventilators, ICU Beds, ECG machines at rural medical facilities. An innovative project was launched in the form of delivery of life saving vaccines using Drone, to reach areas that were inaccessible or hard to reach by road.

   Education- IIFL Foundation's flagship program – Sakhiyon Ki Baadi (SKB), is dedicated to provide foundational education to out-of-school girls in Rajasthan and later enrol them at Government schools. Over 36,000 girls are being educated through this program, giving employment to 1,000+ women from indigenous tribal communities (Scheduled Tribe). The teachers have been provided academic training (English, Hindi and Math), along with introduction to Digital Literacy as well as basic financial literacy. The program is spread across 13 districts of Rajasthan.

IIFL Foundation's Phulwari Project has redeveloped Maa Bari learning centres (rural) by introduction of Electricity through Solar Energy, to operate Digital Learning System (TV with AV content) and under-ground water pump to provide water for drinking and sanitation. The teachers are given academic training by skilled mentors to impart quality education to the first generation of learners, students from native Scheduled Tribe communities. To improve enrolment and retention at the learning centre, IIFL Foundation has made washrooms child-friendly and developed play-area.

The IIFL Foundation has supported Government Schools (rural) by construction of classrooms, science laboratories, computer laboratories, sanitation facilities and introduction of digital learning tools (Android Tablets), to promote enrolment and retention of students. Scholarships have been granted to girls from financially weaker sections, studying in 8th to 12th grade, to encourage them to pursue higher education and not drop out due to financial burden.

Livelihood- Further, IIFL Foundation has enabled farmers to generate secondary livelihood by undertaking dairy production through promotion of Animal Husbandry.

Poverty Alleviation – A special Skill Development Training was imparted to women graduates to groom them to be job ready in the BFSI industry with an aim to increase the share of women professionals in the sector.

For details, please refer Annual Report on CSR activities annexed to Directors' Report.

Principle 5

1. **Does the Policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

   IIFL follows the Code of Conduct which covers IIFL and its subsidiaries. In addition, IIFL's Whistle Blower Program covers all its internal and external stakeholders.

2. **How many stakeholder complaints have been received in the past Financial Year and what percent was satisfactorily resolved by the management?**

   During the year under review the Company did not receive any complaints with regard to human rights.

Principle 6

1. **Does the Policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others?**

   As mentioned under responses to Principle 2, given the nature of business of the Company this Principle is not largely relevant. However, IIFL and its subsidiaries are in compliance with applicable environmental regulations.

2. **Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

   As an environmentally responsible corporate, IIFL has been striving towards reducing emissions and imbibing green sustainable infrastructure, processes, policies and practices. Energy conservation measures such as installation of energy efficient equipment, sensor based lights, HVAC control measures and reducing use of plastic, recycling of used water are some of the key initiatives undertaken by us. IIFL is an environment friendly organization constantly working towards developing solutions to minimize its impact on the environment.

   IIFL through its subsidiary has created a platform for Green Affordable Housing and Finance, through Research, Policy and Technology, for a Sustainable Eco-System. It aims at creating and enabling ecosystem in India for Green Affordable Housing. Under this programme, a guidebook called 'Building Green, IIFL Home Loan's Guide to Sustainable Affordable Housing' was released in 2020-21. It is a handbook that provides developers, architects, construction engineers, and homeowners with design and construction instructions for Green Affordable Housing. With 'Kutumb' Green Building Initiative, IIFL strive to reduce our natural resource footprint and carbon emissions by encouraging measures that enable these reductions and alleviate climate change impacts while keeping housing affordable for the people. The same is being done in partnership with housing developers and specialists.

3. **Does the Company identify and assess potential environmental risks? Y/N**

   Since the Company is not a manufacturing entity, the above question is not applicable.

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

   Since the Company is not a manufacturing entity, the above question is not applicable.

BUSINESS RESPONSIBILITY REPORT (Contd.)

5. **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

   As outlined above, IIFL participates in several initiatives in the area of environment and sustainability. We have also taken several measures to minimize our environmental impact due to business travel. These measures include carpooling, company bus service, video/audio conferencing facilities, Zoom Calls at all major offices. Apart from this we have also moved to digitized platform wherein we save on paper and stationery. On the energy front, we have installed LED lights in 90% of our branches. Sensor based switches have been installed at few locations in unmanned areas to reduce/optimize energy consumption. Unit Power Factor is maintained through APFC panel at IIFL corporate offices. Default ambient temperature of all Public areas and Meeting Rooms has been set at 24°-26°C as per Bureau of Energy Efficiency (BEE) and government regulations. HVAC schedule running operation has been modified, helping us reduce the unnecessary running of ACs. We have shifted from Desktop to Tablet model across all branches thereby reducing consumption of electricity. Plastic spoons and cups have been replaced by ceramic/steel cups at major offices. Bottled water has been discontinued at all branches. Waste segregation has started at big offices. E-Scrap is necessarily processed only through e-waste vendors.

6. **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the Financial Year being reported?**

   We have disclosed these numbers in our sustainability report for FY 2020-21. The sustainability report for FY 2020-21 is available on the website of the Company i.e. https://storage.googleapis.com/iifl-finance-storage/files/investor/financials/Sustainably_Report_2020_21.pdf. IIFL will continue to disclose the same in sustainability report of the Company every year.

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   Nil

Principle 7

1. **Is your Company a Member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   IIFL is a Member of trade bodies/Associations such as ASSOCHAM, CII, FICCI, Microfinance Institutions Network (MFIN), Association of Karnataka Microfinance Institutions (AKMI), Sa-dhan and FIDC etc.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if Yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

   The Company through various associations and trade bodies provides suggestions with respect to development and regulation of financial services sector. The Company, through IIFL Foundation has been working on several initiatives for promotion of Girl Child Illiteracy Eradication Program and Financial Literacy Program etc.

   The members of Board/senior management participated in various committees/ working groups constituted by the Government of India/ RBI/SEBI/ NHB.

Principle 8

1. **Does the Company have specified programmes/ initiatives/projects in pursuit of the Policy related to Principle 8? If Yes, details thereof.**

   Yes – Sakhiyon Ki Baadi (SKB), is dedicated to foundational literacy and numeracy to promote education among out-of-school girls in Rajasthan. During the lockdown, education of nearly 36,000 girls under this project continued seamlessly due to adoption of digital tools and online platforms. Thus allowing an avenue to females from marginalized communities to build skills and prosper.

   IIFL Foundation supports the government to promote literacy among children native to Scheduled Castes and Scheduled Tribes, by redevelopment of Maa Baadi centers, construction of schools, science laboratories, computer facility and introduction of digital learning tools (Android Tablets) and facilitating electricity through installation of solar panels at government schools.

   Development of medical facilities at government hospitals (rural) by setting up operation theatres, ICUs, Outpatient Department and ophthalmic treatment ward. Upgrading treatment facilities through donation of ECG machines, ventilators, oxygen concentrators and ICU beds.

   Further, the IIFL Foundation has enabled farmers to generate secondary livelihood by undertaking dairy production through promotion of Animal Husbandry.

BUSINESS RESPONSIBILITY REPORT (Contd.)

IIFL Foundation worked proactively to support communities in fighting the pandemic. Under it's Mission Conquer COVID, IIFL Foundation compiled 'Covid Relief Kit' and handed them to Frontline workers viz. ASHA Workers (Accredited Social Health Activist), ANMs (Auxiliary Nurse Midwife), Anganwadi Workers and Government employees in rural areas, to promote their safety in line of work.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?**

IIFL Finance Limited and its subsidiaries undertake various CSR projects through its wholly-owned subsidiary, IIFL Foundation a Section 8 Company incorporated under the provisions of Companies Act, 2013 (implementing agency).

3. **Have you done any impact assessment of your initiative?**

IIFL Foundation strictly monitors the activities undertaken pursuant to the CSR Policy of the Company. Further, during the year under review impact assessment was not applicable to the Company. However, the same has been conducted by IIFL Foundation in respect of 'Sakhiyon ki Baadi' program.

4. **What is your Company's direct contribution to community development projects- Amount in ₹ INR and the details of the projects undertaken?**

Please refer Annual Report on CSR activities annexed to the Directors' Report.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words or so.**

Yes. All the community school programs are implemented with active participation of the community by constituting Chaupal Committee (a school inspiration committee) comprising members from community viz. sarpanch, ward-panch, elderly members, women representative. They participate in decisions regarding the school such as location, appointment of teacher, school timing, etc. This ensures that the community owns the program and works towards achieving the goals and objectives. Community is made a part of the program and is encouraged to adopt the learning centers, thus promoting sustainability of the initiative.

The women participants that attend online training programs on digital literacy and English, are encouraged to hold training sessions for women and girls from their community and neighborhood. They shall then in return, teach new set of women and girls.

Principle 9

1. **What percentage of customer complaints/consumer cases are pending as on the end of Financial Year?**

The Company and its subsidiaries in their normal course of business resolve/reply to the customer grievances within the given timelines. As on March 31, 2022, the numbers of pending complaints are negligible i.e. less than 6% of the total complaints received during the year and the same have since been resolved/replied subsequently.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)**

Since the Company is not a manufacturing entity, the above question is not applicable.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of Financial Year. If so, provide details thereof, in about 50 words or so**.

In the ordinary course of business, some customer may have grievance/disputes against IIFL/its subsidiaries. IIFL and its subsidiaries always endeavour to maintain cordial relationship with its customer and attach utmost importance to verify/investigate the matters and arrive at an amicable settlement, but in some cases where it is not possible, IIFL pursues legal resolution for the same.

4. **Did your Company carry out any consumer survey/ consumer satisfaction trends?**

In the normal course of the IIFL's services to customers, the customer service teams do ascertain the satisfaction of the customers as per its systems and methodologies as also the management assesses the customer satisfaction level on important/critical areas from time to time. However, no such formal consumer survey/consumer satisfaction trend has been carried out by IIFL.

For **IIFL Finance Limited**

Arun Kumar Purwar
Chairman & Independent Director
DIN: 00026383

Date: April 28, 2022
Place: Mumbai

MANAGEMENT DISCUSSION & ANALYSIS

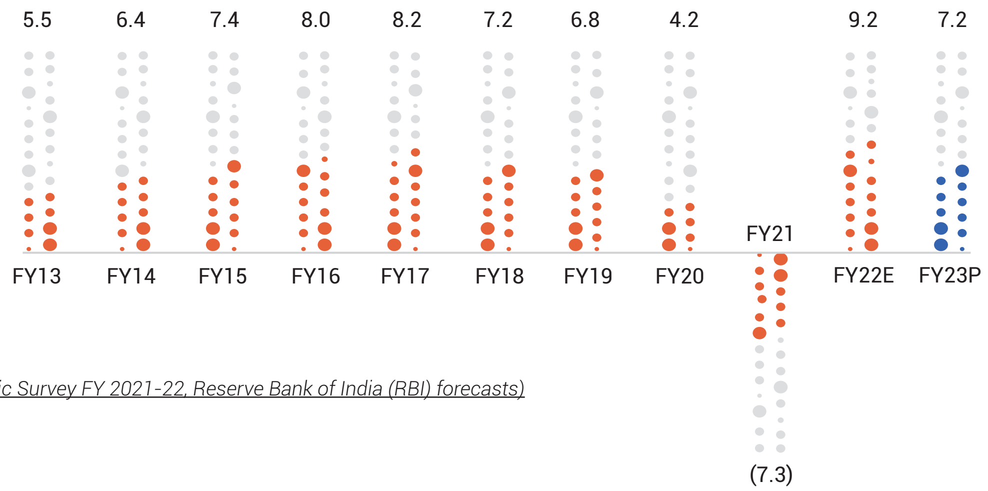
INDIAN ECONOMY OVERVIEW

'India to remain the fastest growing major economy in the world during 2021-24' – as per the projections by the World Bank and the International Monetary Fund.

The FY 2021-22 has largely been a year of recovery from the impact of the Covid-19 pandemic, which had been a drag in the previous two fiscals. The Indian economy entered a technical recession in the previous fiscal year as a result of the Covid-19-induced slowdown. The policies of the Center supported the country's much-needed revival. During the initial waves of the Covid-19 pandemic, what started with reducing interest rates and stimulus measures gave a much-needed cushion to stabilize the economy. Furthermore, the development of various vaccines assisted not just in raising public morale but also in laying the groundwork for a reviving economy. With around 2 Billion inoculations successfully completed in India against the Covid-19 virus and low Covid-19 positive rates, the Indian economy is set to recuperate to its pre-pandemic levels.

India's GDP grew by 9.2% in FY 2021-22, supported by widespread vaccine coverage, gains from supply-side reforms, regulatory easing, robust export growth, and the availability of fiscal support to increase capital spending. *(Source: Ministry of Health and Family Welfare, Economic Survey of India FY 2021-22)*

Indian Economy Growth Output (%)



(Source: Economic Survey FY 2021-22, Reserve Bank of India (RBI) forecasts)

E- Estimate

P- Projected

Breaking up the GDP movement quarter-wise, the Q1 of FY 2021-22 witnessed a record growth of 20.1%. This expansion was fueled by higher consumption expenditure and a low-base effect from the previous fiscal year. Many sectors, including auto sales, retail, farm output, construction, and exports, have picked up since the end of the June quarter of FY 2021-22. In the second quarter ended September 2021, India's GDP growth normalized to 8.4% as business activities recovered to a large extent following a major relaxation in Covid-19 related restrictions during the year. The growth was fueled by the agriculture and manufacturing sectors, which grew by 4.5% and 5.5%, respectively. The economic recovery gained traction throughout the festive season, with Diwali sales reaching a decade high of ₹ 1.3 Trillion in CY 2021. *(Source: Ministry of Statistics and Program Implementation (MOSPI), Business Standard)*

Following the US$ 5 Trillion economic dream for India, the Government announced various Production Linked Incentive (PLI) schemes and committed nearly ₹ 1.97 Trillion for the next five years, starting in FY 2021-22. Furthermore, the Center also extended the Emergency Credit Line Guarantee Scheme (ECLGS) till March 31, 2023, to provide credit support to small and micro organizations. As of March 2022, loans sanctioned under ECLGS had crossed ₹ 3.19 Trillion. *(Source: Union Budget 2022)*

In the Q3 of FY 2021-22, GDP growth further slowed to 5.4% due to sluggish demand in the manufacturing sector and unanticipated de-growth in the construction sector. The economy did, however, experience considerable growth in the services sector, as well as an increase in consumer spending. According to the Economic Survey FY 2021-22, total consumption is estimated to have grown by 7.0% in FY 2021-22 with Government consumption remaining the biggest contributor as in the previous year. Private consumption is also anticipated to have improved significantly to recover 97% of corresponding pre-pandemic output levels, and it is expected to witness a stronger rebound with increased vaccine coverage and faster economic activity normalization. Furthermore, the Capital markets in India boomed in 9MFY 2021-22 despite all uncertainties. The rate of growth slowed sequentially for three quarters in a row with the Omicron wave-induced restrictions and rising inflation impacting economic activity. The Indian economy saw a muted growth of 4.1% in Q4 of FY 2021-22. With a robust recovery across economic activities and several sectors approaching pre-pandemic levels, the Indian economy has made a strong comeback. In addition to this, even private consumption and fixed investment estimates have been boosted from previous levels in FY 2021-22. Presently, India is in a stronger position among global economies, with a significantly more robust financial sector to sustain growth.

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

OUTLOOK

The fundamentals of India's economy remain robust, and the service sector is catching up. This is further backed by the corporate sector's improved performance, as evidenced by the uptrend witnessed in the quarterly results. India is expected to witness a GDP growth of 7.2% in FY 2022-23. The Government's substantial capital spending program, as envisaged in the Union Budget 2022 along with a healthy financial system, is well-positioned to attract private investment by reviving economic activity and boosting demand. The Indian economy is buoyed by significant Foreign Exchange reserves which exceed its level of external debt, placing it favourably. Furthermore, with the central banks globally as well as in India engaging in gradual and calibrated withdrawal of liquidity, this would foster growth in a non-disruptive manner. However, the impacts of further outbreak of Covid-19 and its variants and the ongoing geopolitical crisis owing to the Russia-Ukraine war needs to be monitored closely.

(Source: Economic Survey of FY 2021-22, RBI forecasts, MOSPI, IMF, World Bank).

INDUSTRY STRUCTURE AND DEVELOPMENTS

NBFC

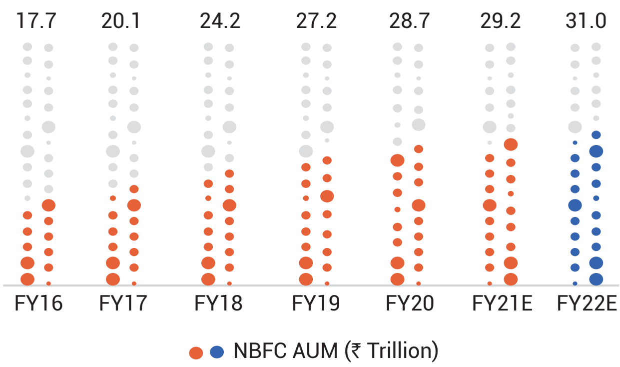
In the recent decade, Non-Banking Financial Companies (NBFCs) have emerged as one of the principal institutions in providing credit financing to the unorganized underserved sector. NBFCs have a systematically important role in the Indian financial system. They provide a means of financial inclusion for those who do not have easy access to credit. NBFCs have not only revolutionized the way the lending system operates in India over the last decade, but they have also merged digitization and technology to provide customers with a quick and convenient financing experience. Thus, accessing the large untapped demographic of the Indian subcontinent and setting the way for economic prosperity.

Focusing on the low-income groups and untapped segments of the society, the NBFCs provide a plethora of services, including MSME financing, Home Finance, Microfinance, Gold loan and other retail segments. With small-ticket loan forming the major chunk of the business, NBFCs have further integrated with Fintech and developed newer products of the technological age. Leveraging on the hybrid model of physical and digital delivery, NBFCs have unlocked vast opportunities for the decades to come. The Government has also shown major focus towards the development of these NBFCs and have been working on governance measures to strengthen the systemic importance of the NBFCs.

The effects of Covid-19 brought a huge slump to the NBFC industry in the previous fiscal year. The industry which was already undergoing a major crisis was further affected due to decline in disbursement. However, with the support and focus of the Government and various liquidity measures by The Reserve Bank of India (RBI) such as repo rate cut, Targeted Long-term Repo Operations, Special Liquidity Scheme and Partial Credit Guarantee Scheme, NBFCs surpassed their pre-Covid-19 levels of disbursements in the Q4 of FY21. The total credit outstanding from the NBFCs segment in India for FY 2020-21 stood at ₹ 23.75 Trillion and is expected to grow by 6% to 7% in the FY 2021-22. This progress was mainly led by growth in the Housing, Auto, Gold and other retail segments which stood resilient even in the previous fiscal year. While the disbursement and AUM trends improved in the Q3 and Q4 of FY 2021-22, the trend is expected to continue in Q4 of FY 2021-22 due to the limited impact of the third wave of the pandemic.

(Source: CRISIL NBFC Report 2021)

NBFC INDUSTRY AUM (₹ in Trillion)



Source: RBI, NHB, MFin, CRISIL Research

Major regulatory updates

The Reserve Bank of India (RBI) released Circulars for Clarification on Master Circular on Prudential norms on Income Recognition, Asset Classification, and Provisioning pertaining to Advances (IRCAP) dated October 1, 2021. These circulars are expected to impact income/asset recognition for NBFCs.

1. **Due dates as per RBI circulars:**
   a) As per November 12, 2022 Circular
      i) NPA classification in case of interest repayments, Increasing Consumer Awareness among the borrowers to be complied - March 31, 2022
      ii) Specification of Due date/repayment date - December 31, 2021

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

b) As per February 15, 2022 Circular

i) Paragraph 10 of the Circular stipulates that loan accounts classified as NPAs may be upgraded as 'standard' asset only if entire arrears of interest and principal are paid by the borrower. NBFCs shall have time till September 30, 2022, to put in place the necessary systems to implement this provision.

2. Daily tagging:

Lending institutions must flag loan accounts as SMA/ NPA as part of their day-end operations.

3. Upgradation of loan accounts classified as NPAs:

NPAs may be upgraded as 'standard' assets only if entire arrears of interest and principal pertaining to all the credit facilities are paid in full by the borrower.

4. Consumer Awareness:

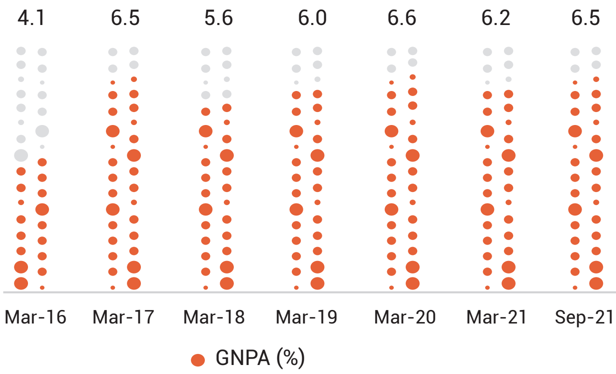
a) With a view to increasing awareness among the borrowers, lending institutions shall place consumer education literature on their websites, explaining with examples, the concepts of date of overdue and NPA classification and upgradation, with specific reference to day-end process.

b) Lending institutions may also consider displaying such consumer education literature in their branches by means of posters and/or other appropriate media. Further, it shall also be ensured that their front-line officers educate borrowers about all these concepts, with respect to loans availed by them, at the time of sanction/ disbursal/renewal of loans.

Asset quality

FY 2021-22 was the year that differentiated the resilient business models from the ones that weren't. While there was a fair bit of decline in the NBFC sector with a shift in focus from expansion to consolidation, some NBFCs witnessed growth in AUM and improvement in asset quality on account of their robust strategies and a healthy balance sheets.The asset quality of overall NBFC sector is still stressed due to Covid-19 pandemic's aftereffects. In terms of Non-Performing Assets (NPAs), the GNPA ratio of NBFCs, which had witnessed a decline in September 2020, reflected a standstill on asset classification prevalent then, rose to reach 6.5% as at the end of September 2021. On a sequential basis, however, GNPA is expected to be lower due to the improved situation of the pandemic from January 2022. Furthermore, because the adoption of the RBI's November 12, 2021, circular being delayed until H2 FY 2022-23, the circular's incremental impact in Q4 of FY 2021-22 could be lower. RBI in the monetary policy meeting held on May 4, 2022, hiked the repo rate by 40 bps to 4.40%, making it the first time that the rate was increased since August 2018. This is expected to disproportionately increase the cost of borrowing in the nearer term and raise concerns about incremental bank funding becoming dearer going ahead. Moreover, further rate hikes in the future could lead to a deterioration in credit quality. However, overall asset quality is projected to improve in FY 2022-23, if subsequent waves of Covid-19 do not develop and hinder economic activity.

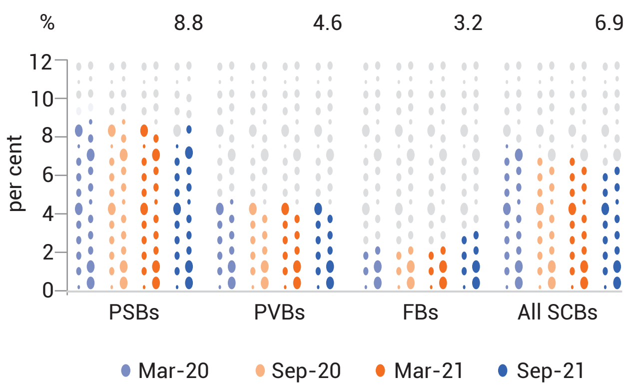
NBFC INDUSTRY GNPA (%)



Source: RBI Financial Stability Report December 2021

Similarly, coming to Scheduled Commercial Banks (SCBs), the GNPA ratio reduced from 7.5% in September 2020 to 6.9% in September 2021. NNPA ratio declined further by 10 bps from September 2020 to 2.3% in September 2021.

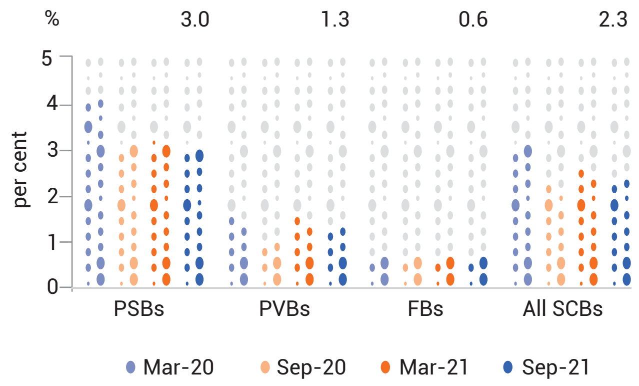
a. SCBs' GNPA Ratios (%)



Source: RBI Financial Stability Report

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

b. SCBs' NNPA Ratio



Source: RBI Financial Stability Report

Asset quality has improved across the spectrum as a result of the economic recovery. SCBs asset quality is likely to improve in the future. This is going to benefit the NBFC industry, on account of co-lending and co-origination arrangement. Furthermore, banks are the primary participants in asset sales and securitization by NBFCs. A rise in the asset quality of SCBs will boost the NBFCs' liquidity and cash flows. However, the impact of the RBI's updated Prudential Norms must be considered.

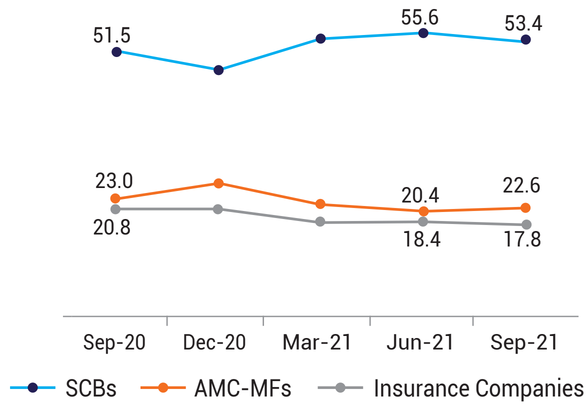
Due to the Covid-19-induced lockdown, collection efficiency decreased last fiscal year. The RBI came to the rescue with a one-time loan restructuring option that gave the NBFC industry a much-needed reprieve. In comparison to the previous year, NBFCs are expected to make lower provisions, assuming they are better placed than in the previous year. This would allow them to meet their short-term obligations with relative ease, notwithstanding a drop in collections due to the second wave.

Liquidity update

Liquidity for the industry has been adequate, in accordance with the trend witnessed over the last two years, with companies usually maintaining coverage of their upcoming three-month repayments. In addition, reduced AUM growth in FY 2021-22 necessitated a smaller incremental financing demand than originally expected. SCBs' financial exposure to NBFCs grew from 52.9% in March 2020 to 53.9% in March 2021. NBFC exposure in Mutual Funds (MFs) increased from 21.4% in March 2020 to 22% in March 2021. Alternatively, NBFCs and HFCs have got funds from banks through term loans, securitization, and assignment. To meet their growth targets in FY 2022-23, NBFCs and HFCs will require an extra ₹ 1.8-2.2 Trillion in fresh capital, assuming they maintain their liquidity buffers.

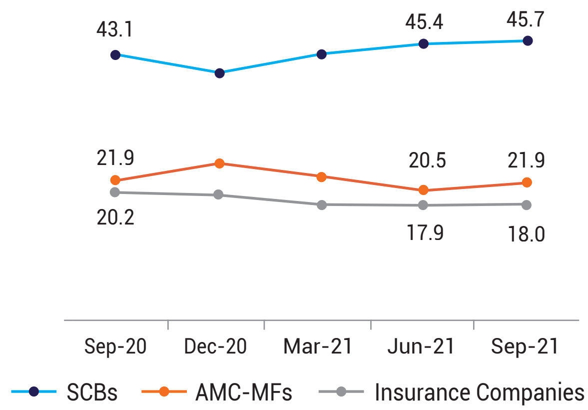
(Sources: ICRA Research, RBI supervisory returns and staff calculations)

Share of Top 3 Lender Groups in NBFCs' Gross Payables (%)



Source: RBI Supervisory Returns and staff calculations.

Share of Top 4 Lender Groups in HFCs' Gross Payables (%)



Source: RBI Supervisory Returns and staff calculations

Outlook

Going forward, NBFCs would begin FY 2022-23 with enough capital buffers, consistent profitability, and considerable on-balance-sheet provisioning, as well as sufficient system liquidity to protect against additional Covid-19 outbreaks. These impacts would remain to be seen once the Financial Stability Report is released by the RBI for the full year. The NBFC sector's AUM is predicted to increase by 6% to 7% in FY 2021-22 and by 9% to 10% in FY 2022-23. The impacts of the pandemic are fading and Covid-19 limitations being relaxed internationally, putting NBFCs on a growth path. Furthermore, as the world's fastest-growing economy, India's rise across all sectors would create a large demand for loans. *(Source: CRISIL NBFC Report 2021, Ind-Ra Research)*

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

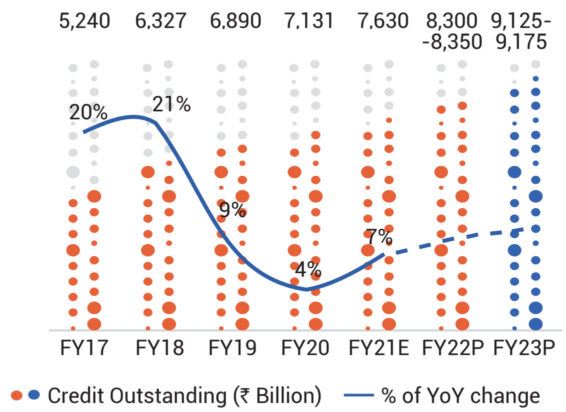
HOUSING FINANCE

Housing, in addition to scheduled & commercial banks being a basic human need, is an economic engine for low-income households, since it contributes to the family's, community's, and country's growth and development. The Indian housing finance industry, which includes Financial Institutions (FIs), Scheduled Commercial Banks (SCBs), and other banking institutions, Housing Finance Companies (HFCs), Non-Banking Financial Companies (NBFCs), and Microfinance Institutions (MFIs), has experienced exceptional growth, with loan book doubled in the last five years, reaching ₹ 22.2 Trillion in FY 2020-21. Along with growth, the housing finance industry has undergone structural changes, with a focus on credit quality and collection efficiency.

In the Indian home finance industry, NBFCs, including HFCs, maintained a constant market share, accounting for 34% of the housing finance loan book in FY 2021-22, the same as in FY 2020-21. In FY 2020-21, total credit outstanding is estimated to have reached ₹ 7.6 Trillion, up 7% from FY 2019-20. Due to Covid-19-related regulations, the expansion of Home loan credit decreased in FY 2020-21. While double-digit growth appeared to be in the cards for FY 2021-22, the second wave hampered the Q1 disbursements. NBFCs reported a 40% to 60% drop in first-quarter disbursements compared to the previous fiscal's fourth quarter. However, with salaried customers' income levels substantially unchanged and home loan rates being low, disbursements rebounded after June 2021 and is projected to reach ₹ 8.3 Trillion in FY 2021-22.

NBFCs Housing Loan Book

NBFCs Housing Loan Book (₹ Billion)

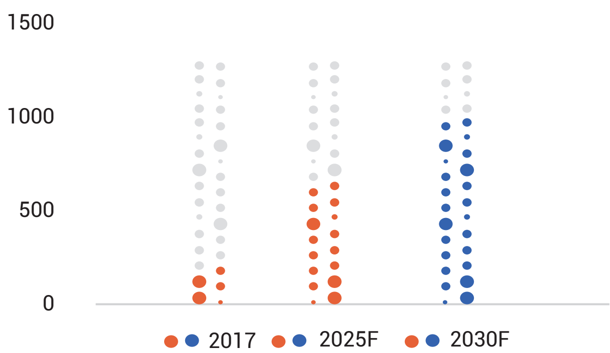


(BCG NBFC Sector Update H1FY 2020-21)

India has a significantly lower urbanization rate than the global standard, with only 35% of the population categorized as urban, compared to a global average of 54%. In the last decade, India's urban population grew at 3.4 times the rate of the rural population. The urban population is predicted to rise at a rate of more than 5 times that of the rest of the population in the coming decade. By CY 2025, the number of Indians living in cities is predicted to reach 525 Million, and 600 Million by CY 2036. This growth would be driven by the growing demand for higher education and infrastructure development along with an un-remunerative agriculture scenario in India. Higher urban population will require more residential and non-residential constructions such as office, healthcare, and hotel industry. Housing sales volume across seven major cities in India (NCR, MMR, Pune, Bengaluru, Chennai, Hyderabad and Kolkata) surged 113% YoY in the Q3 of FY 2020-21, signifying healthy recovery post-lockdown. With the reduction in oversupply of real estate inventory, there has been a reduced pressure in prices and increase in demand. India's Real Estate market is estimated to grow to US$ 1 Trillion by CY 2030.

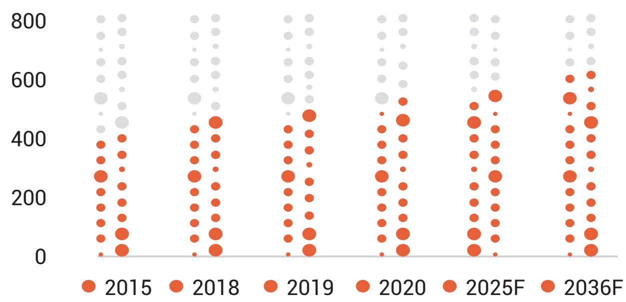
(Source: ICICI Analysis, IBEF)

India Real Estate Market (US$ Billion)



(Source: ICICI Analysis)

Urban Population in India (Million)



(Source: ICICI Analysis)

Covid-19 induced economic slowdown led to a sharp rise in GNPA for HFCs during FY 2020-21. According to CRISIL Research, the GNPA of the Housing Finance industry increased by 50-60bps on account of income concerns in low-income group and mid-income group customers

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

as well as self-employed customers and MSMEs. Relief measures such as loan moratorium and one time restricting under RBI's Resolution Framework 1.0 and 2.0 provided the much-needed breather. It is estimated that around 0.5% to 1.0% of HFC housing loans have been restructured. With the economy improving and resolution of stressed cases, the GNPA ratio is expected to decline in FY 2022-23. Furthermore, the collection efficiency has also improved post second wave of Covid-19. The HFC space achieved a collection efficiency of 100% in August 2021, compared to 78% in September 2020.

The Housing Finance space has benefitted tremendously by the Government's 'Housing for All' by 2022 mission. Under this mission, the Government implemented the credit-linked subsidy scheme as a demand side intervention to expand institutional credit flow to the housing needs of the people residing in urban regions. Furthermore, under the Pradhan Mantri Awas Yojana (PMAY) Urban scheme, close to 50.82 lakh houses have been completed out of 113.55 lakh sanctioned and under PMAY Gramin scheme 156.77 lakh houses have been completed out of 196.39 lakh sanctioned, as of September 2021.

(Source: CRISIL Research)

OUTLOOK

Home loan credit outstanding has increased by a healthy 15% CAGR from FY 2015-20. This was led by increasing demand from Tier II and Tier III cities, rising disposable incomes and Government steps such as Pradhan Mantri Awas Yojana (PMAY), interest rate subvention schemes and fiscal incentives. With visible recovery across most sectors, disbursements are expected to increase further in the rest of the fiscal. On the supply side, lenders have been focusing on co-lending with SCBs to the Retail Housing industry, which remained resilient despite the GDP fall in fiscal 2020-21. On the demand side, unlike the previous fiscal, salaried borrowers' incomes are substantially unaffected. Furthermore, because of better affordability, people working from home have expedited their choice to buy a house or acquire a larger apartment. In FY 2021-22, NBFC housing credit is likely to rise at a rate of 8% to 10%, with credit expected to grow at a rate of 9% to 11% in FY 2022-23 as the economy improves.

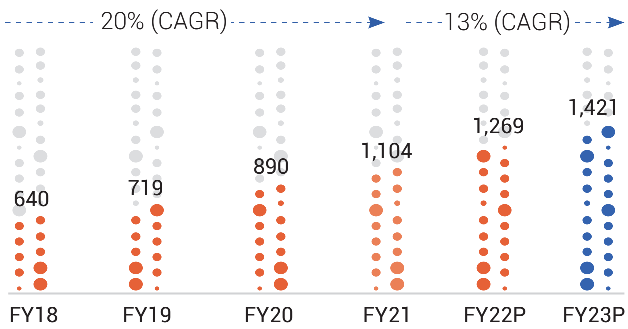
(Source: CRISIL NBFC report 2021, ICRA, BCG analysis, CBRE Research, Credit Suisse estimates, UN World Urbanization Prospects, India datahub, Macquarie Research, November 2021)

GOLD FINANCE

Gold has a profound historical importance in India. It has been a preferred source of liquid investment for Indians, has offered economic stability. India's fascination with gold has become stronger over time, with Indians accounting for the majority of gold consumed internationally. It has been observed that rising income levels boost gold demand. However, India's affinity with gold extends beyond economic growth: gold is inextricably linked to the Indian way of life. And, in the future, India's Gold market will evolve.

Indians seldom sell their gold jewellery due of an emotional affinity to the yellow metal. Instead, they pledge their jewellery to lenders in order to obtain a short-term loan. In FY 2020-21, NBFCs retained a 23% stake in the Indian Gold Finance sector. The total NBFC Gold loan AUM increased by an astounding 44%, surpassing ₹ 4.7 Trillion in FY 2020-21. This demand was fuelled by a 30% year-on-year uptick in gold prices in fiscal 2020-21. Borrowers benefited from a larger loan value on the same collateral, while lenders benefited from a reduced Loan-to-Value (LTV) ratio on their previous loans and further rising demand. The Gold loan market is likely to maintain its outstanding performance as a result of increasing digitization, a wider physical branch network, minimum documentation, and faster turnaround time, as well as increased demand following the Covid-19 pandemic.

NBFC Gold Loan Industry AUM (₹ Billion)



(Source: BCG Analysis)

Gross GNPA for the Gold loan industry reduced to 1% to 1.3% in FY 2020-21 due to increased collections. High-yielding advances against Gold loan were impacted as collections were affected due to the lockdown following the second wave of the pandemic. Gold loan NBFCs have LTV ratios in the range of 60% to 70%, safeguarding them from price fluctuations. Further, with no portfolio moratorium risk and the auctioning process at their pre-pandemic levels, the GNPAs are expected to stabilize by FY 2021-22. The Gold Loan industry's Return on Assets (ROA) fell marginally in FY 2021-22 on account of increased competition from banks. However, with improvement in yield and reduction in credit costs it is projected to improve and reach 6.7% in FY 2022-23.

(Source: CRISIL NBFC Report 2021)

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

OUTLOOK

Gold has the ability to support borrowers in the times of need being a secured asset class. This is going to keep the demand for gold buoyant going ahead. With the Gold loan sector undergoing continuous shift from unorganized to organized and from organized to digital and online means which are going to support the increased demand of gold financing going ahead. The increased uptick in the online Gold loan space in expected to drive the Gold loan book by 14% to 16% in FY 2021-22 and by 11% to 12% in FY 2022-23. Specialized Gold loan NBFCs are expected to drive AUM growth based on their focused approach along with the new technological initiatives that allow customers to transact online with ease.

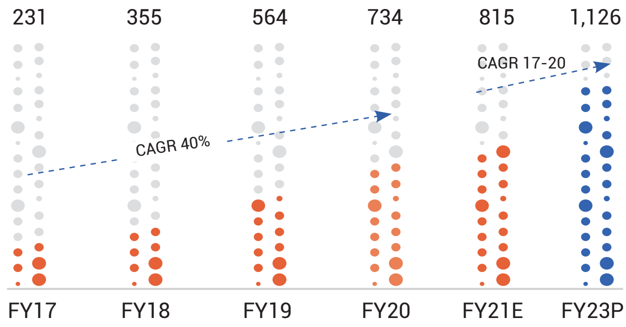
(Source: Gold.org, IBEF, CRISIL NBFC Report 2021, BCG analysis)

MICROFINANCE

Emerging-market financial systems and institutions have been unable to address the credit needs of low-income rural consumers. The primary cause for this is a lack of recognized revenue streams and collateral availability among these low-income households. Further, issues that make these groups unbankable include their high risk and high processing costs connected with modest loans and saving accounts. To fill this void, Microfinance institutions have arisen as a panacea for the people that are unable to acquire financial services from mainstream banking institutions due to collateral requirements. These institutions assist individuals in accumulating assets, surviving crises, and establishing small businesses in order to lift themselves out of poverty. Furthermore, through making small loans (microcredit), the Microfinance program offers a variety of financial and non-financial services such as savings, insurance, guidance, skill development training and capacity building as an incentive to promote income-generating activities. The essential features of Microfinance loan are that they are of small amounts, with short tenures, extended without collateral and the frequency of loan repayments is greater than that for traditional commercial loans. Furthermore, Microfinance acts as a potent tool for empowering women who constitute the largest part of its borrower base and has a bigger influence on their socio-economic growth and empowerment.

(Source: CRISIL Research)

NBFC - MFI Industry Loan Book (₹ Billion)



(Source: BCG Analysis)

Total Microfinance industry loan book for FY 2020-21 stood at ₹ 2.6 Trillion. NBFC-MFIs with a share of 31% stood at ₹ 8.1 Trillion with a growth of 11% YoY. The Microfinance business was impacted since the lockdown halted all disbursement and collecting activity. The economic disruptions experienced in FY 2020-21 due to the onset of the pandemic had affected the cashflows of MFI borrowers, given the vulnerable profile of the borrowers and unsecured nature of the loan. From an industry average of 97% to 99%, collection efficiencies decreased to less than 10% to 20%. GNPA levels also increased to 5.4% in FY 2020-21, with 5% to 6% predicted in FY 2021-22. However, with the recovery of the economy and small enterprises, collections have been estimated to have improved. The MFI players have good capital buffers, disbursements have stepped up, and the disbursements cycle is projected to restart, with the GNPA falling to the region of 4% to 5%.

(Source: BCG Analysis, CRISIL NBFC Report 2021)

Major regulatory updates

a) The Reserve Bank of India (RBI) released Circular dated March 14, 2022 in which it has removed caps on the pricing of small loans given by non-banking financial company-microfinance institutions (NBFC-MFIs), bringing them to the same level as other such lenders, including banks. With this, the underwriting of loans will be done on a risk-based analysis, and a risk premium will be charged based on the borrower.

b) The existing guidelines prescribe a maximum interest rate that a microfinance lender could charge on loans. This is 10 to 12 percentage points above the institution's cost of funds, or 2.75 times the average base rate of the five-largest commercial banks, whichever is lower.

c) All microfinance lenders must now put in place a board-approved policy for the pricing of loans which should include a well-documented interest rate model and

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

the different interest rate components, such as cost of funds, risk premium, and margin. It should also contain the range of spread of each component for categories of borrowers and a ceiling on the interest rate and all other charges applicable to the Microfinance loan.

d) RBI has also raised the annual household income level to ₹ 3 lakhs for classification of eligibility to avail Microfinance loan, thus increasing the market size. Earlier, the income caps were kept at ₹ 0.25 lakhs in rural areas and ₹ 2 lakhs in other areas. Also, no limit on lenders will create an opportunity to attract customers from financially stable/good credit background category.

e) The central bank has also put a limit on the maximum repayment value to 50% of the monthly household income to curtail over-lending to customers. Thus, if the household income is ₹ 3 lakhs, the maximum loan instalment that a borrower needs to pay cannot exceed ₹ 1.5 lakhs per year. RBI also said that there would be no prepayment penalty on Microfinance loan.

f) Definition of 'qualifying assets' stands revised from minimum 85% of its Net Assets to 75%. Hence Microfinance companies can now increase their non MFI loans share upto 25%

g) Cashflow Analysis of customer is mandatory, it will help in getting better customers and create strong portfolio. Also, it will create scope for higher ticket size and longer tenure loans.

OUTLOOK

MFI Industry's gross loan portfolio is likely to grow in the mid-single digits in FY 2021-22 as loan disbursements increase and economy rebounds. MFIs are expected to witness increased demand from low-income groups and small businesses, as the pandemic, had prompted them to put their expansion plans on hold. Given the untapped potential of a primarily rural population in need of financial aid, the MFI business has a bright future. MFI Industry's AUM is expected to expand by 18% to 22% in 2022-23. Furthermore, given the country's widespread immunization, the severity of the impact of emerging virus types appears to be modest. In the long run, data-driven customer-centric digital development will aid in the improvement of the complete loan experience from acquisition to servicing, by allowing customer profile-based solutions and a shift to paperless lending procedures. MFIs are likely to continue to grow at a healthy rate in the future years. As India strives to become a US$ 5 Trillion economy by CY 2025, the Microfinance business will play a critical role in improving the lives of millions of low-income families and allowing them to contribute to the country's economic progress.

(Source: CARE Research, CARE EDGE Research, BCG Analysis, ICRA Research)

OPPORTUNITIES

Bank-NBFC Co-Lending model

The Government is encouraging banks to use the co-origination model of financing to address the needs of the Micro, Small and Medium Enterprises (MSME) in the country, especially in smaller towns. The Reserve Bank of India (RBI) revised the co-lending scheme to provide greater operational flexibility to lenders with an aim to improve credit flow to the unserved and underserved sector of the economy. This helps flow of credit at a lower cost to a wider market. The Reserve Bank of India's (RBI)'s decision to enable banks and NBFCs (including HFCs) to co-lend is crucial to the progress of NBFCs in India. This has allowed banks and NBFCs to leverage their respective strengths and offer better lending options to the economically weaker sections. Co-lending is an important tool to increase the microfinance, MSME and affordable housing portfolio, a win-win situation for both banks and NBFCs. Co-lending is anticipated to boost NBFCs' performance as better loan originators, allowing them to reach a broader audience and provide a better customer care experience. While banks have greater liquidity, NBFCs have better reach and origination capabilities. Co-lending, which was developed as a means of increasing liquidity, has opened up new opportunities for NBFCs to expand and succeed.

E-commerce unlocking the potential of Retail lending

The Retail lending ecosystem has undergone dynamic shifts with the ever-evolving preferences of the consumer. Paper-based Retail lending are a day of the past. With new fintech integrations, Retail lending has undergone ground breaking changes. Consumers in India are now digitally availing instant loans and also using financing services like 'Buy Now and Pay Later' (BNPL) through e-commerce platforms. This has unlocked vast opportunities for the NBFCs to reach a wide customer base and offer innovative financing solutions. The psychological shift of the consumer to avail credit for instant gratification has been key to drive unsecured lending, personal loans as well as credit cards in India. BNPL payment in India is expected to grow by 89.5% on annual basis to reach US$ 6,927.4 Million in 2022. The BNPL platforms reported a 100% growth in disbursals during Diwali 2021. In November 2021, the Banking industry recorded over 1.2 Million new credit card additions. Credit card transaction value is estimated to reach ₹51.72 Trillion by FY 2026-27, expanding at a CAGR of 39.22% between FY 2021-22 and FY 2026-27.

(Source: ReseachAndMarkets.com, Businesswire)

Underserved Retail and MSME sector

According to MSME Ministry figures as of November 2021, India had over 63 Million MSMEs employing over 110 Million people and accounting for 29% of the country's GDP. They are a key element of the rural ecosystem, accounting for nearly 30 Million MSMEs (51% of all MSMEs). Given

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

the sector's total economic importance, easy access to financing is critical to its growth. Known to borrow at high rates from the informal lending market, the MSME sector has registered a growth of around 30% in gross value addition in FY 2019-20, despite the impact of demonetization and GST roll-out. The Government has provided liquidity assistance to the MSME sector in the form of collateral-free loans with credit guarantees, subordinate loans for stressed MSMEs, and equity infusions. A credit gap, however, still exists. The NBFCs is expected to play an important role in addressing this gap and meeting the expanding MSME financing demands by using fintech collaborations and digital innovations.

(Source: Press Information Bureau, Government of India)

Working capital demand to continue

Financing would be the key to transforming India into a US$ 5 Trillion economy. The need for working capital finance, surged in FY 2020-21 as a kind of stability from the shocks of the Covid-19 induced lockdown. Post economic revival, this demand would fuel further economic growth. The anticipated expansion and development across sectors would boost the need for working capital requirements. NBFCs in India must be ready to meet rising demand and propel India to the status of economic superpower.

Growing digitalization and analytics

Digitalization has impacted almost all aspects of the financial services industry, especially the NBFC space. It has enabled NBFCs to reduce operational costs, resulting in greater financial inclusion and benefits for customers. Technology has empowered lenders to grow, enhance efficiency, reduce cash consumption and turnaround times, develop new products, provide better customer service, and employ analytics for portfolio monitoring and credit evaluation. With rising internet penetration across the country, services like 5G and digital financial payments are ready to push digital lending to the next orbit of growth.

Gold loan, Housing loan and Microfinance to advance financial inclusion

Credit growth in India indicates the path to economic revival. Rapid urbanization is expected to boost the credit demand for Microfinance and Housing Finance space in India. Gold loan from organized players epitomize the notion of inclusive growth for a variety of underserved groups. The organized Gold loan is currently worth ₹ 4.1 Trillion and is predicted to expand at a CAGR of 19.5% over the next three years, reaching ₹ 7.5 Trillion by FY 2021-24. People in urban, semi-urban, and rural regions have relied on gold financing NBFCs to meet their financial and liquidity needs. Gold loan NBFCs have established a strong market presence owing to their growing presence, faster loan processing capabilities, Gold loan schemes of various tenures, digitally-enabled solutions, doorstep loan availability, and so on. Furthermore, co-lending partnership between banks and NBFCs would also present opportunities to make loans more accessible to a broader and diverse group of borrowers.

(Source: Budget estimates 2022)

THREATS

Unanticipated changes in regulatory Norms

The appropriate supervision and regulation of NBFC sector is a prerequisite for India's overall financial development. Non-bank lenders' regulatory structure has been changing over time to ensure prudent supervision and regulation. However, unexpected regulatory changes and restrictions, may increase compliance costs and adversely impact the way current products or services are produced or delivered.

Technology disruption

In India, the NBFC business is undergoing rapid technological development. Technology-based innovation has become essential to the Company's success. It has become critical to stay on top of the competition when it comes to new generation digital innovations. The potential of disruptions induced by developing technologies, however, always remain.

Liquidity squeeze

NBFCs rely on external funding to fulfill the financing needs of their customers. A liquidity crunch arising from reduced loan recovery, external funding or other unforeseen events could adversely impact the loan disbursement cycle of the NBFCs leading to subdued performance.

Global economic slowdown

The global scenario is as complex as it is uncertain. A global economic downturn might be disastrous for emerging economies. Erratic capital flows, currency volatility, migration restrictions, and global trade barriers might all have adverse impacts on the productivity and business of the NBFC sector.

Global geopolitical crises

India being an emerging global economy, faces notable risks due to global relations. A shift in developed and emerging countries' interest rates, policies and protectionism along with trade and capital market conditions may hamper businesses locally. Geopolitical and trade tensions in the global market post further risk to the Indian NBFC industry.

COMPANY OVERVIEW

IIFL Finance Limited (previously known as IIFL Holdings Limited) is a prominent and reputed financial services institution in India. Founded as a research firm in 1995,

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

the Company has continually innovated and reinvented itself over time and adapted to the dynamic needs of the Financial Services industry.

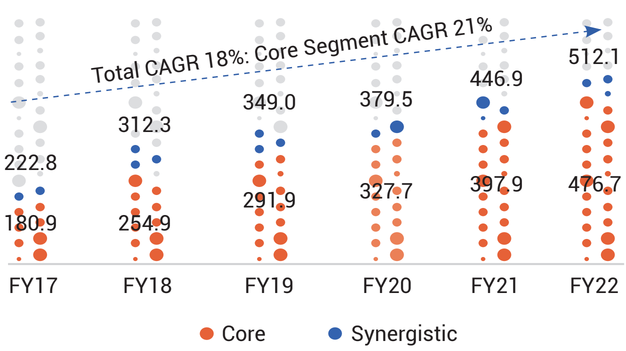
IIFL Finance Limited ('the Company' or 'IIFL Finance' or 'We' or 'it') together with its subsidiaries – IIFL Home Finance Limited and IIFL Samasta Finance Limited, provides a wide range of financial services ranging from Gold, Home, Business and Microfinance loan, extended through an unrivalled network of branches across India. The Company works on a hybrid model of physical and digital distribution of financial services. Through a wide network of 3,296 branches across 1300+ towns/cities, a robust online infrastructure and innovative mobile platforms, the Company is serving over 8 Million customers across business segments.

IIFL is led by the first-generation entrepreneurs Mr. Nirmal Jain and Mr. R. Venkataraman and is supported by various reputable institutional investors, including Fairfax Group and British International Investment Group. The Company believes in values of honesty and transparency. The Company's focus is on keeping loan products simple, ensuring transparency and displaying unwavering commitment to its customers. The Company's highly skilled and experienced management team is committed to fostering a growth culture, entrepreneurship, and innovation within its massive talent pool of 28,369 employees.

Financial performance and operations review

With recovery witnessed across sectors in the FY 2021-22, the Company's business across its diversified portfolio of Gold loan, Home loan, Business loan, Microfinance loan, Real Estate and Capital Market Finance continued to grow. During the year, AUM grew by ₹ 65.22 Billion and 15% YoY to ₹ 512.10 Billion, while core AUM grew to ₹ 476.69 Billion.

Loan AUM (₹ Billion)



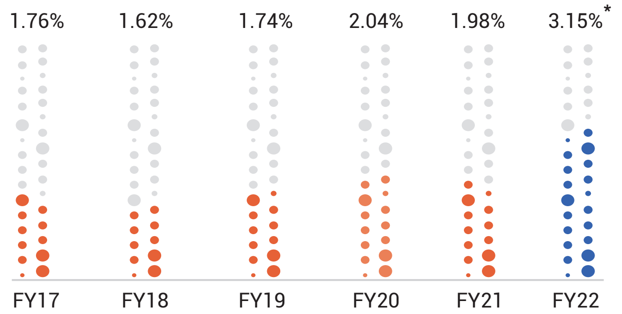
The total comprehensive income grew 63% YoY to ₹ 11.97 Billion (post non-controlling interest).

Liquidity in the system improved significantly in FY 2021-22. The Company raised long-term funds (excluding assignment/securitization) of ₹ 157.92 Billion and was able to assign and securitize assets of ₹ 133.60 Billion. IIFL has ₹ 94.99 Billion in cash and cash equivalents, and committed credit lines from banks and institutions as on March 31, 2022, adequate to meet not only all near-term liabilities but also to fund the growth momentum.

This has a small impact on margins, however it showcases the Company's prudent policy making and resolution to grow. The Company enjoys surplus liquidity in all maturity buckets across all levels of IIFL Finance and its subsidiaries.

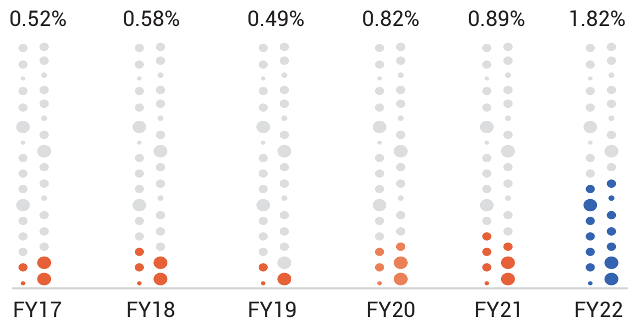
The Company's asset quality continues to be among the best in the industry. Consolidated GNPAs and NNPAs, recognized as per RBI's updated prudential norms and provisioned according to Expected Credit Loss (ECL) model prescribed in IndAS, stood at 3.15% and 1.82% of loans, respectively. Furthermore, the coverage for NPAs was 123% under ECL provisioning in Ind-AS (including standard asset coverage). The Company's (Standalone) Capital Adequacy Ratio is 23.85%, including Tier 1 Capital of 16.02%.

Gross NPA (%)



** includes additional impact of 0.85%, on account of RBI circular dated November 12, 2021*

Net NPA (%)



Loan AUM for core products in facts grew faster YoY at 20% driven mainly by small-ticket Home loan, Gold loan and Microfinance loan. Gold loan grew by 23% YoY, Microfinance loan which grew by 30% YoY, and Small-ticket Home loan which grew by 23% YoY.

Under the Home loan category, the Company's focus continued to remain primarily on affordable and non-metro customers. These are Small-ticket loan in the affordable home segment to both salaried and self-employed sections with average ticket size of ₹ 1.64 Million. Affordable

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

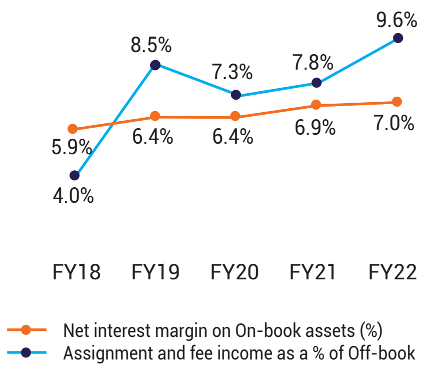
housing projects accounted for 93.64% of the Home loan disbursements in FY 2021-22.

In the previous two fiscal years, the Company disbursed a record amount of Home loan. The Company had over 16,390 approved housing projects as of March 31, 2022, up roughly 2,740 from over 13,650 approved housing projects a year ago. Through Pradhan Mantri Awas Yojana (Urban) - Credit Linked Subsidy Scheme, the Company's subsidiary IIFL Home Finance has aligned its business strategy with the Government's 'Housing for All' mission. So far, more than 55,700+ customers have benefited from the program, with more than ₹ 13.00 Billion in subsidies distributed.

As of year end, 94% of the Company's loan assets were small-ticket Retail loans secured by mortgages, other collateral, gold, or cash flows to consumers who were underserved by banks. The Company's success in Retail lending may be ascribed to its broad distribution network, cutting-edge technical solutions, a loyal customer base, various co-lending agreements, and a robust balance sheet. Furthermore, excluding Gold loan, which are not categorized as PSL loans, 69% of the Company's Retail loans comply with RBI's Priority Sector Lending (PSL) standards. The largest share of retail and PSL-compliant loans are of significant value in the current environment where the Company can sell down these loans to raise long term resources. The share of loans sold down was 33% of the total AUM as on March 31, 2022. Also, Co-lending off-book stood at 5% of total AUM as on March 31, 2022.

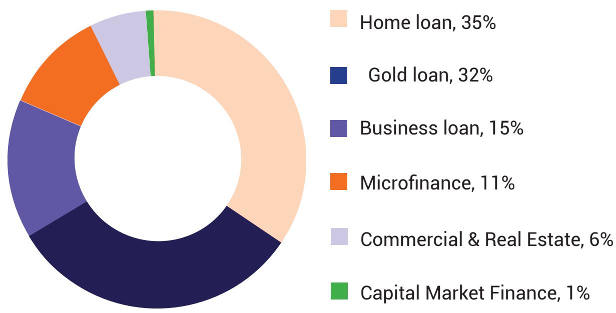
Net Interest Margin (NIM) on balance sheet assets for FY 2021-22 increased to 7.05% and income on Off-Book Assets for FY 2021-22 increased to 9.61% on account of lower cost of funds and favourable product mix.

NIM on On-Book and Income on Off-Book Assets (%)



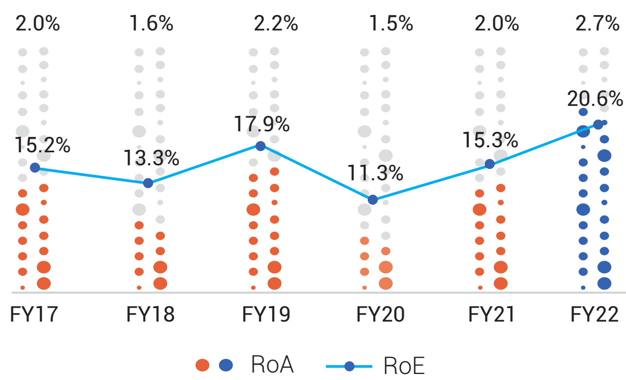
Medium and High-yielding assets at present constitute 64% of the AUM. These include Gold loan, Business loan, Microfinance loan, and Construction finance.

AUM Break-up (%)



The Company's AUM mix is well spread out with 84.30% comprising secured loans and 15.70% unsecured loans. IIFL currently has 3,296 branches, primarily for Gold, Home finance and Microfinance businesses. Return on assets (ROA) for FY 2021-22 reached the highest level of ROA 2.74% and ROE 20.60%. This is a substantial growth compared to the previous fiscal ROA 2.03% and ROE 15.30%. Consolidated Net profit Margin for FY 2021-22 reached 16.96% from 12.70% in FY 2020-21. It has mainly increased due to increase in Net Interest Income and lower provisioning. Net Interest Income mainly increased due to volume growth and savings in cost of funds.

RoA and RoE (%)



Focusing on the Retail portfolio, the Company has undertaken prudent risk management and sufficient provisioning to maintain asset class and growth across segments. With technological advancements, fintech innovations, digital delivery, and paperless loan processing, the Company is at above-the-industry standards. Right from customer onboarding to loan disbursement, all the processes have been digitized for unsecured Business loans. The Company has employed artificial intelligence and machine learning for faster and more reliable credit analysis. The Company has created an end-to-end loan process through WhatsApp to provide the borrowers with a seamless borrowing experience. This includes customer onboarding, digital application, loan approval, disbursement, and collection.

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

Disclosure of accounting treatment

There was no deviation in following the treatments prescribed in any of Accounting Standards (AS) in the preparation of the financial statements of the Company.

SEGMENTAL OVERVIEW

Gold loan

People of all classes buy gold in the form of jewellery, gold coins and bars during good times or on auspicious occasions. Sentimental value is associated with gold and people are very averse to the idea of selling their gold possessions. 65% of gold is held by people in rural areas. According to the World Gold Council, India's total gold demand jumped to 797.3 tonnes in CY 2021, registering a massive 78.6% jump from 446.4 tonnes during CY 2020 on the back of recovery in consumer sentiments and pent-up demand post Covid-19 related disruptions and the bullish trend is set to continue this year as well. The report further noted that jewellery demand during CY 2021 was up by 93% at 610.9 tonnes, compared to 315.9 tonnes in CY 2020. Gold loan offers one of the most reliable credit sources for rural customers.

NBFCs in India comprise 23% of the total Gold loan AUM and are expected to maintain their position, owing to strong presence, well-established network, faster processing, and the ability to serve non-bankable customers.

(Source: CRISIL Research; BCG analysis)

Business overview

The Company offers loans against gold jewellery to small Company owners, merchants, dealers, farmers, and salaried people. These loans are available at competitive rates, with minimal paperwork and a quick response time. The Company has a robust verification procedure in place, which is overseen by experienced officers who are qualified and educated in asset quality processes. The ornaments are kept in fireproof and burglary-proof vaults at Gold loan branches that are monitored 24X7 under electronic surveillance.

FY 2021-22 under review

During the year, the Company put a strong emphasis on expansion combined with strong collections and resolutions resulting in negligible losses. The Company's Gold loan AUM grew by 23% uniformity needed in YoY to ₹ 162.3 Billion for the year ended March 31, 2022. As a part of continued digital expansions, IIFL launched digital Gold loans for top up and online renewal of Gold loan. The Company also started technology backed initiative Gold Loan at home in a few cities. Disbursements under this initiative reached ₹ 5,015 Million in FY 2021-22. Furthermore, the Company also tied up with numerous banks for co-lending of Gold loan which witnessed significant traction during the year.

Outlook post the pandemic

The Gold loan industry, despite being a secured product, used to compete with other substitute unsecured financial products in the pre-pandemic era. However, post the pandemic the lenders have become risk averse and this has reduced their focus on collateralized loans. This provides a huge opportunity for the untapped Gold loan industry in India. The overall Gold loan market in India stands at ₹ 12.3 Trillion. Only 35% of this market is through formal segment, while the remaining 65% is still served by the informal sources. According to CRISIL Research, Gold loan AUM is expected to grow at 12-18% in the next two fiscals, owing to its secured nature and minimum risk of default. With the economic revival, the Gold loan industry is experiencing an increased demand from small businesses. Leveraging on the advanced technological infrastructure, robust online platforms, and paperless loan processing, the Company is ready to tap the opportunities that are going to arise in the Gold loan sector going ahead.

Mortgage loans

Owning a home provides a sense of stability and is aspired by many. The Home loan industry in India has doubled in the last five years expanding at a healthy CAGR of 15% to ₹ 22.2 Trillion in FY 2021-22. This growth is on account of increased demand from Tier-II and Tier-III cities, rising disposable incomes, Government's support under Pradhan Mantri Awas Yojna (PMAY), interest rate subvention schemes and fiscal incentives. NBFCs including HFCs have a share of 34% of the Indian home loan industry.

(Source: BCG Analysis)

Business overview

The Company offers loans for residential property purchases, house building, home improvement, and plots. It also provides small and medium businesses with mortgage-backed loans for residential or commercial properties for a variety of purposes, including working capital, business usage, commercial property acquisition, and more.The Company's robust foundation allows it to conduct appropriate credit background checks on applicants. It assists the Company in undertaking appropriate legal and technological security assessments. For large mortgage loans, the Company uses both external and internal property appraisals, including assessments by international property specialists.

FY 2021-22 under review

The Company's focal point during the year was affordable and non-metro customers leveraging on IIFL Group's vast network of 3,000+ touch points. Supporting the Government's 'Housing for All' mission, the Company benefited more than 55,700 customers with over ₹ 13 Billion in loan so far. The Company's Home loan AUM

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

grew by 23% YoY to ₹ 177.27 Billion for the year ended March 31, 2022. IIFL has advanced to 100% customer onboarding and decision-making through digital platform, thereby, reducing operating and credit costs. The Company has initiated co-lending disbursement of over ₹18 Billion with several banks for Home loans. The Company has also tied up with state housing boards and developers to undertake construction of green buildings.

Outlook

With the rising urbanization and economic revival, backed by rising inoculation levels, the demand for real estate is picking up. The Government has also provided various liquidity measures to boost demand for this sector. With increasing bank-NBFC partnerships for co-lending, the NBFC Home loan market which currently stands at ₹ 7.6 Trillion in FY 2020-21, is expected to grow at 8-10% in FY 2021-22.

Furthermore, assignment/securitization along with co-lending are expected to provide further liquidity support and boost demand going ahead. With a focus of affordable housing projects, the Company is better prepared to tap this opportunity. Simultaneously, IIFL Finance through its subsidiary IIFL Home Finance, would also focus on continued digital expansion, asset-liability profile management and a prudent risk management framework.

(BCG Analysis, CRISIL NBFC Report 2021)

Unsecured MSMEs loans & others

The MSME and Retail sector plays an instrumental role driving India's growth. Contributing to 29% of India's GDP, the 63 Million MSMEs in India employ over 110 Million people and contribute to 48% of exports. Almost 95% of all industrial units forming a part of this sector form the economy's backbone. Despite being the powerhouse of the Indian economy, they were the hardest hit in the last two years due to the Covid-19 pandemic. The sector that was hit already aggravated by stagnated exports, compliance burden and informal sources of lending, was plagued by the Covid-19 induced lockdown and rise in raw material prices. Revival of the MSMEs is the key to achieve the US$ 5 Trillion economy dream. With proper access to funding and technology infrastructure support, MSME have the potential to lead the development and industrialization of underdeveloped regions. Increased focus from the Government coupled with co-lending opportunities by banks and NBFCs showcases a promising future of MSMEs in India.

(Source: Economic Survey FY 2021-22, IBEF)

Business overview

The Company offers a variety of business loans, including small-ticket cash flow analysis backed business loans. In the rapidly developing low-ticket size, high-yielding MSME category, the Company enjoys an established foundation. Using technology as an enabler, the Company has been delivering financial solutions to MSMEs which is evident from the launch of instant paperless loans via WhatsApp and MyMoney App. This results in faster processing times, and client satisfaction is ensured. The Company has also e-integrated with various Fintech partners for seamless end-to-end process.

FY 2021-22 under review

The Company achieved operating efficiency in its digital loan processing format. The Company entered into partnerships with leading fintech lenders focusing on both Business loans and Personal loans with appropriate risk sharing arrangements. During the year, the Company continued to adhere to its strong risk management framework of balancing prudent credit underwriting with instant in-principle decision making and automated disbursements based on analytical scorecard. The MSME loans segment achieved post-Covid peak disbursement growth in FY 2021-22 in lieu of economic revival. The asset quality and collection efficiency also improved, while paperless DIY loan category was established in the previous year. During FY 2021-22, disbursements under MSME DIY loans stood at ₹ 4.16 Billion. Till date, more than 27,000 clients have been onboarded through DIY campaigns.

Outlook

The unserved and underserved MSME segment in India has a lot of potential to grow in the future. The Company will continue to cater to this expanding segment going ahead, fulfilling the financing needs of the small business in the unserved and the underserved segments. With a vision of financial inclusion, the Company will keep investing in technological integration to provide end to end digital loans, enhancing the overall customer experiences.

Microfinance

Low-income groups from the rural segments of the country still lack access to formal banking services owing to informal income documentation. This large population poses diverse skill and has a vast opportunity to grow. In India, microfinance plays a critical role in providing loans to those at the bottom of the economic pyramid. Microfinance is able to promote income-generating activities and improve livelihoods in both rural and urban geographies due to its grassroot level connections. Microfinance is also a powerful instrument for empowering women, who make up the majority of its borrower base. The Microfinance industry loan book stood at ₹ 2.6 Trillion in FY 2020-21 and is expected 8-10% in FY 2021-22. The initiatives launched by the Government aimed at financial inclusion is expected to benefit the Indian microfinance industry going ahead.

(Source: BCG Analysis)

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

Business overview

The Company empowers communities by providing income generating microloans, dairy cattle loan, etc. It comprises a granular portfolio with high yields, dominated by women's Self Help Groups (SHGs) for income-generating activities.

FY 2021-22 under review

IIFL Finance registered and AUM of ₹ 61.6 Billion in FY 2021-22, up 30% YoY, with an increased ticket size of approx ₹ 30,000. The Company focused on diversifying into untapped geographies, enhancing operational efficiency as well as supporting its customers to increase their productivity post the pandemic. As of March 31, 2022, the MFI segment had crossed an active customer base of 1.8 Million with a branch strength of 807 in 17 states.

Outlook

The MFI loans are mainly addressed towards income generating activities. Hence, there is a lot of opportunities for NBFC MFIs going ahead due to economic revival. The rural sector in the country remains substantially underserved in terms of credit access. Leading to vast opportunities of growth in the underpenetrated regions.

RISK MANAGEMENT & GOVERNANCE

Risk management is an important part of the Company's business strategy, and it is smoothly incorporated into all of the Company's activities. The aim of the Company's framework is to optimize the risk-return equation while also ensuring strict adherence to all current laws, rules, and regulations that apply to all of the Company's business activities.

The Company strives to cultivate a strong and disciplined risk management culture across all of its business operations and at all levels of the organization. Under the Enterprise Risk Management (ERM) Framework, the Company adopts a comprehensive approach to risk management and implements an enterprise-wide risk management strategy. IIFL believes that ERM offers a solid framework for ensuring that risk-taking actions across the organization are consistent with the business plan, the Board's risk appetite, and regulatory requirements.

The Company's primary business is in the financial services industry. IIFL Finance Limited and its subsidiary, IIFL Samasta Finance Limited (previously known as Samasta Microfinance), are both RBI-registered NBFCs, while IIFL Home Finance Limited is a National Home Bank-registered housing finance subsidiary.

The Company adopts the 'Three Lines-of-Defence' model wherein the first line of defence is management's control to ensure adherence to established policies and procedures at the business entity-level. Various risk control and compliance oversight functions established by the management are the second line of defence. Finally, the third line comprises the internal audit/assurance function.

The compliance function is an essential component of the Company's operations. IIFL's skilled compliance, audit, and risk management teams are critical in ensuring that all procedures adhere to the laws and regulations, not just in letter but also in spirit. The risk management discipline is established from the top down, but it is applied across the organization. Separate risk managment teams are deployed for separate entities.

IIFL has implemented digital initiatives across the board, beginning with loans and credit, as well as customer service, internal operations, and human resources. Digitization aids in the rapid growth of businesses, allowing them to gain momentum and exponentially strengthen utilising a Do-It-Yourself model that uses cutting-edge technology while requiring minimal physical infrastructure and people. Less human interaction and better customer service are both benefits of digitization. Furthermore, technology greatly reduces the potential for fraud, omissions, and mistakes.

IIFL's diverse financial services are subject to a variety of risks that are either intrinsic to the Company or susceptible to changes in the external environment. It tries to establish a strong risk culture throughout the business in order to maintain the Company's financial stability. Credit Risk, Liquidity Risk, Finance Risk, Fraud Risk, Business Risk, and Reputational Risk are all addressed by risk management systems that are properly defined. Even during the Covid-19 pandemic, operational throughput was enabled by this robust risk culture. The lessons learned during the lockdown, particularly on the resilience of established systems and procedures, were incorporated into the risk architecture to improve it even further.

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

Risk	Risk Response Strategies
Credit Risk	• IIFL has a separate multi-level Credit and Investment Committee, comprising Directors of the Board / Head of the Departments, for IIFL Finance Limited and IIFL Home Finance Limited, to consider medium to large credit proposals. However, smaller proposals are decided at appropriate level as per the approval matrix • Product-specific lending regulations, credit approval committees, and frequent exposure monitoring are also in place • The Company has a defined process for identification, assessment and mitigation of credit risk for various products on regular basis • Portfolio reviews are undertaken on monthly basis highlighting behavior of products on various financial and non-financial parameters • IIFL's credit concentration monitoring is undertaken on continual basis. IIFL has board-approved policy capping credit concentration to entities
Liquidity and Finance Risk	• The Group has in place Risk Management Committee and Asset Liability Management Committee (ALCO), consisting of Directors and senior officials. They regularly meet and review the policies, systems, controls, and positions of the financing business. The Risk Management Committee reviews the risk management processes, covering credit and underwriting controls, operations, technology and compliance risks • We monitor liquidity risk through our ALCO Committee with the help of fortnightly and monthly liquidity and Asset Liability mismatch reviews. This involves the categorization of all assets and liabilities in different maturity buckets, and evaluating them for any mismatches in any particular maturity bucket, especially in the short-term. The ALM Policy has capped the maximum mismatches in the various maturities in line with RBI guidelines • Monthly portfolio quality review & risk reporting to senior management • In the housing finance business, every policy and procedure is approved jointly by CEO, CRO and policy head in consultation with concerned functional heads.
Technology Risk	• Management periodically reviews various technology risks such as protecting sensitive customer data, identity theft, cybercrimes, data leakage, business continuity, access controls, etc • The Company has put in processes, systems and tools for ensuring vigilant monitoring, audit logging and suspicious activity reporting • Audit logs are reviewed for any anomalies and pattern deviations on a periodic basis • The Company has implemented tools for mitigating various security risks - restriction of tool access, mobile device management and secured internet access.
Operational Risk	• IIFL has an Operational Risk Management Committee (ORMCs) and its meetings are conducted every quarter. Risks identified, root causes and action tracking reports (ATR) are presented to the committee members • IIFL has annual mandate to review and signoff Standard Operating Procedures (SOPs) and Risk Control Self-Assessment (RCSA's) • Each functional department has appointed nodal officer. The Nodal officers are responsible to report incidents, assist Operational Risk (OR) team to conduct corrective action • IIFL has designed systems for incident and loss reporting. System also enables OR team to capture Risk Control Assessments (RCAs), corrective, prevention action, person responsible for implementation along with timelines.

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

Risk	Risk Response Strategies
Compliance Risk	• The Company has a full-fledged compliance department manned by knowledgeable and well-experienced professionals in compliance, corporate, legal and audit functions. The department guides the businesses/support functions on all regulatory compliances and monitors implementation of extant regulations/circulars, ensuring all the regulatory compliances, governance, and reporting of the Company. • The Company has implemented business-specific Compliance Manuals, limit monitoring systems and Anti Money Laundering (AML) / Know Your Customer (KYC) policies. • During the year, compliance with corporate acts, including Companies Act, RBI-NBFC regulations, NHB-HFC regulations and so on was verified by independent secretarial auditors on the holding company and major subsidiaries. Their reports and recommendations were considered by the Board and necessary implementations have been initiated. • The compliance requirements across various service points have been communicated comprehensively to all through compliance manuals and circulars. To ensure complete involvement in the compliance process, reporting processes have been instituted by heads of all businesses/zones/area offices and departments, through submission of quarterly compliance reports. The compilations of these reports are reviewed by the Audit Committee/Board and are also submitted to regulatory authorities, periodically. Besides, the internal auditors verify the compliances as part of their audit process.

HUMAN RESOURCES

Human resource plays a vital in role in developing, reinforcing, and enhancing the culture of an organization. The Company's human resource department is aligned with its business strategy to drive digital solutions to build a strong culture of transparency and service orientation within the organization. The Company emphasises on people-friendly policies and practices first and focuses on adopting the best HR policy practices.

Strong management team

The Company continues attracting proficient professionals from various sectors, including BFSI, technology, software, and start-ups. This has helped build a transparent, meritorious and performance-driven culture in the organization. Guided by the right leadership, the Company successfully attracts, creates and promotes a professional and purpose-driven team.

Training & development

We use technology-led interventions for training our employees. It forms the core of the learning journey at the Company.

Through 'MoneyVersity' – our learning experience platform – we have successfully enhanced our stakeholder learning experience beyond the proprietary learning content. It has also given us an exposure to a larger and wider access to national and international content of quality. We have extended our learnings beyond pure functional or technical content to areas such as Covid-19 impact, health and wellness, leadership stories and insights, women-centric specific learning events, motivational videos, sales enablers, personality development and more. These learnings are powered by leveraging the capability of artificial intelligence, making learning a truly enjoyable, timely and need-based solution.

Fast track career path

Aligning our meritocratic culture, we introduced the 'Role Elevation Panel Process'. This helps fast-track careers of high performers through a just, honest and transparent panel process. This has immensely encouraged employees to perform to their best calibre for a rapid career growth within the organization.

We have devised a special fast-track programme for the recognized high-potential employees. It includes skill and competencies-honing programme and initiatives aimed at special learning and development.

Employee engagement

IIFL strives to groom and engage its workforce to help them become tomorrow's leaders. The Company participated and received the certification of 'Great Place to work' (GPTW) in a survey that studied and evaluated work culture. As per a GPTW survey, a great workplace encourages a culture of high-trust and high-performance. It is where employees TRUST their seniors and people they work for. They take PRIDE in their job and ENJOY (Camaraderie) the company of their colleagues. Such organizations are distinctly known for their great leadership, consistent employee experience, and sustainable financial performance.

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

This certification signifies the most definitive employer of choice and workplace quality recognition for any organization.

We promote the workplace portal from Facebook, as a creative and robust communication digital online platform. It helps serve in various ways as employees communicate business information, share relevant articles, post news and photographs, and conduct polls and surveys to actively engage on this platform, making it a quicker and interesting mode of communication.

Our monthly, quarterly, annual rewards and recognition programmes are aimed to appreciate the exemplary contributions of performing employees. Additionally, they also drive and make it aspirational for others to leverage their potential. We also regularly conduct other engaging activities such as sports, cultural and festive celebrations, and contests, to help employees de-stress. Such activities contribute in improving teams bonding and helps them rejuvenate.

Encouraging performance

The Company considers performance and potential to determine employee growth and promotions. We have clear demarcated parameters of performance measured through Individual Performance Measures (IPMs). These set expectations with regards to performance across the organization. Moreover, we also have an effective feedback mechanism that regularly helps employees improve their skills. Together these help align organization's objectives with employees' personal goals. Effective and appropriate IPMs help the Company reward people's performance.

Technology enablement

IIFL's adrenalin serves as a one-stop employee interface for all human resource-related requirements. It is available as a mobile app and is also easily accessible 24x7 through intranet.

This interface incorporates and enables the yearly survey along with regular connects with employees via AI Bot. These Bots are made available to chat and assist employees during their employment with the organization. They help understand employees' work experience, seek their feedback and suggestions. Furthermore, they also aid in creating a better and conducive work environment

Management Connect

We understand the importance of regular management interaction. Our Managing Director, thus, has a periodic live connect session 'Ask Nirmal' with all the employees through Facebook@Work. These sessions help the management discuss the Company overview, goals and future plans, opportunities and challenges, among others. The sessions are also open to live questions from employees which the management answers. This practice helps align employees with the Company's vision. It helps the employees get clarification or bring concerns for the management to the fore. Eventually it helps enhance management connect across hierarchy. The Chairman announces the top-10 performing employees across all businesses on this forum, based on their significant contributions during the previous month.

Business heads, too, conduct regular Townhalls@ Workplace. This enables them to connect with all the employees at a go and set their business expectations. During these sessions, business suggestions are accepted from all employees while also discussing the feasibility of the same. Additionally, there is frequent interaction with Business Heads' team during the monthly and quarterly reviews.

As on March 31, 2022, the Company had a strong workforce of 28,369 employees.

INTERNAL CONTROLS

Internal Audit is an autonomous function of the Company, led by Head-Internal Audit, who works under the direction and supervision of the Audit Committee of the Board. The Company has used the 'three lines of defence' risk governance strategy to handle diverse risks across multiple products and operations. The line management function is the first line of defence, followed by the Risk management and Compliance functions, and finally the Audit function.

To evaluate the efficacy of controls, assess compliance with controls, and ensure adherence to internal processes and procedures, the Internal Audit function works closely with the Risk Management and Compliance Department. Internal Audit is carried out in accordance with the Audit Committee's approved Annual Risk-Based Audit Plan. Activities are evaluated for audit planning purposes based on their inherent and control risk. On a yearly basis, the Internal Audit Function conducts a risk assessment exercise to identify the same. The frequency of auditing these activities is determined based on the risk assessment. Internal auditing also encompasses all parts of Company, including normal front-end and back-end operations, as well as internal compliances.

It emphasises the need of inspecting process controls, as well as the Company's risk-monitoring and fraud-prevention methods. The Company has made significant investments to ensure that its internal audit and control systems are adequate and appropriate for the nature of its company, regulatory requirements, and size of its operations. Furthermore, the Company is ISO/IEC 27001:2013 certified, and it has built strong information security protocols, demonstrating our dedication to providing our clients with reliable and secure technology.

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

The internal control system is supplemented by concurrent and internal audits, as well as special audits and regular reviews by the management. In order to keep up with the increasing speed of digitalization, the Internal Audit function uses technological interventions to improve efficiency and effectiveness through system-driven and analytics-based auditing. Furthermore, for Company-wide internal audits, the Company has delegated the audit of major businesses to separate top firms in order to benefit from expert oversight, a broader and more diverse verification approach and inputs, and a greater return on investment from the audit process and benchmark practises. In this regard, the Company has in place KPMG for NBFC, HFC and MFI businesses.

The Board/Audit Committee examines the overall risk management framework as well as the effectiveness of the management team's internal controls. On a quarterly basis, the Audit Committee examines serious cases of fraud and takes appropriate action. It also focuses on putting in place the appropriate procedures and controls to enhance the system and avoid similar incidents from happening again. Internal processes have been created to guarantee that there are proper checks and balances in place, as well as regulatory compliance at every level. The internal audit team performs a risk-based audit of these processes to ensure that internal controls for fraud prevention, detection, reporting, and remediation are adequate and effective.

INTERNAL FINANCIAL CONTROLS

The Company has appropriate internal controls in place with respect to financial statements and operations, and they are functioning properly. The Internal Auditors examined the design and efficacy of the major controls and found no significant flaws throughout their investigation. Furthermore, Statutory Auditors assessed that the systems and procedures were appropriate and that the internal financial controls system over financial reporting is working successfully.

OUTLOOK

With the effects of the Covid-19 pandemic weaning off the economy has moved into a revival mode. The impact of the second wave are less than expected and with vast inoculations around the country, the economic morale has risen and consumer spending has increased. With safety measures in place, the growth momentum for the economy looks optimistic going ahead. However, with the rising crude price, the Ukraine crisis and potential future Covid-19 outbreak, uncertainty still looms.

Different sectors in the economy are undergoing different modes of revival. Some are rebuilding and others are expanding. However, there is one thing common. It is the need of financing. Like all other sectors, NBFCs also took a hit due to the Covid-19 pandemic. Leveraging on successful co-lending associations, NBFC's superior customer service expertise and digital capabilities, the NBFCs have a bright future ahead. AUM growth and collection efficiency are already above pre-pandemic levels. Asset quality is expected to revive in the next fiscal year.

Gold loans, Home loan and Microfinance loan are expected to perform better than the other segments. Owing to its secured nature, Gold loan is experiencing increased demand from the individuals and small business. And owing to its extensive reach, NBFCs are best placed to tap these opportunities. The Government though its various measure like Housing for All, Credit Linked Scheme (CLSS), Production Linked Incentive Schemes (PLI) across sectors, as well as financial inclusion paint a brighter future. Over the years, the Company has made investments in people, processes and technology to deliver a superior customer experience. The Company is better placed to tap the upcoming opportunities and face challenges leveraging on its digital infrastructure, a healthy balance sheet and a zeal to grow.

INDEPENDENT AUDITOR'S REPORT

To the Members of IIFL Finance Limited

Report on the Audit of the Standalone Ind AS financial statements

Opinion

We have audited the standalone Ind AS financial statements of **IIFL Finance Limited**, which comprise Balance Sheet as at 31st March 2022, the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022 and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Emphasis of Matter

We draw attention to Note 8.3 to the Standalone Financial Statements, which fully describes that the Company has recognised impairment on financial assets to reflect the business impact and uncertainties arising from the COVID 19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID 19 pandemic.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. no	Key Audit Matter	Response to Key Audit Matter
1	**Information technology (IT) systems used in financial reporting process.** The company's operational and financial processes are dependent on IT systems due to large volume of transactions that are processed daily. We therefore identified IT systems and controls over financial reporting as a key audit matter for the Company.	We obtained an understanding of the Company's IT control environment relevant to the audit. We tested the design, implementation and operating effectiveness of the Company's General IT controls over the key IT systems which are critical to financial reporting. We also tested key automated and manual controls and logic for system generated reports relevant to the audit that would materially impact the financial statements. In addition to above, we have also relied on the work of the internal auditors and system auditors.
2	**Impairment of Financial Assets held at amortised cost:** Since the loans and advances form a major portion of the Company's assets, and due to the significance of the judgements used in classifying loans and advances into various stages as stipulated in Indian Accounting Standard (IND AS) 109 and the management estimation of the related impairment provisions this is considered to be a key audit matter.	We evaluated appropriateness of the impairment principles used by management based on the requirements of Ind AS 109, our business understanding. We assessed the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Sr. no	Key Audit Matter	Response to Key Audit Matter
	The Company's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors The most significant areas are: - Segmentation of loan book - Determination of exposure at default - Loan staging criteria - Calculation of probability of default / Loss given default - Consideration of probability weighted scenarios and forward looking macro-economic factors The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. Refer Note 38A.3 to the Financial Statements.	We evaluated management's controls over collation of relevant information used for determining estimates for management overlays. We tested review controls over measurement of impairment allowances and disclosures in financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report and Management Discussion and Analysis report but does not include the financial statements and our auditor's report thereon. The Director's report and Management Discussion and Analysis report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Director's report and Management Discussion and Analysis report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting standards specified under Sec 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to

INDEPENDENT AUDITOR'S REPORT (Contd.)

issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

The standalone financials statements of the company for the previous year ended March 31,2021 were audited by one of the current joint statutory auditors who had expressed unmodified opinion vide their report dated May 06,2021.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the financial statements.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account

INDEPENDENT AUDITOR'S REPORT (Contd.)

maintained for the purpose or preparation of the financial statements.

d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B".**

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its managing director during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer Note No 39 of the financial statements.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii. There has not been any delay in transferring amounts which requires to be transferred to the Investor Education and Protection Fund by the Company.

iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) In our opinion and based on the audit procedures, we have considered reasonable and appropriate in the circumstances; nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The dividend declared or paid during the year by the Company is in compliance with section 123 of the Companies Act, 2013.

For **V Sankar Aiyar & Co.**	For **Chhajed & Doshi**
Chartered Accountants	Chartered Accountants
(FRN: 109208W)	(FRN: 101794W)
G. Sankar	**M. P. Chhajed**
Partner	Partner
M. No.046050	M. No. 049357
Place: Mumbai	Place: Mumbai
Date: April 28, 2022	Date: April 28, 2022
UDIN: 22046050AHZCGQ5516	UDIN: 22049357AHZGAW5720

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Annexure A referred to in our report of even date to the members of IIFL Finance Limited on the accounts for the year ended 31st March 2022.

3(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a program of verification of Property, Plant and Equipment to cover all the items at major locations in a phased manner over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Based on the information and explanation given to us and on verification of the records of the Company, the physical verification was conducted in during the year 2020-21 and no material discrepancies were observed on such verification.

(c) According to the information and explanations given to us and based on verification of records provided to us, we report that, the title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) As per the information and explanation provided to us no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

3(ii) (a) The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the order is not applicable.

(b) The Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate from banks or financial institutions on the basis of security of current assets namely financial asset. Based on our verification, the quarterly statements filed by the company with such banks and financial institutions are in agreement with the books of account of the company.

3(iii) (a) The Company being a Non-Banking Finance Company , the provisions of clause 3(iii)(a) are not applicable to the company.

(b) According to the information and explanations given to us and based on the verification of the records and in our opinion the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in nature of loans and guarantees provided are not prejudicial to the company's interest.

(c) The Company being a Non-banking Finance company is in the business of as granting loans and advances in the nature of loans. The schedule of repayment of principal and payment of interest has been stipulated and the repayments or receipts are regular except accounts which are overdue are classified as special mention accounts or non-performing assets as per RBI norms.

(d) The total amount overdue for more than ninety days is ₹ 3,664.46 Millions. Based on the information and explanations given to us and in our opinion reasonable steps have been taken by the company for recovery of principal and interest.

(e) The Company being a Non-Banking Finance Company, the provisions of clause 3(iii)(e) are not applicable to the company.

(f) As per the information and explanation made available to us and in our opinion the company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

3(iv) The Company is a registered Non-Banking Finance Company to which the provisions of Sections 185 and 186 of the Companies Act, 2013, are not applicable, and hence reporting under clause (iv) of CARO 2020 is not applicable.

3(v) The Company has not accepted any deposits from the public, within the meaning of Section 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or other tribunal.

3(vi) The maintenance of cost records has not been specified by Central Government under Section 148(1) of the Companies Act,2013 for the company.

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

3(vii)(a) According to the information and explanations given to us the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, service tax, sales tax, value added tax, goods and services tax, cess and other statutory dues as applicable to the Company with the appropriate authorities. We are informed that the provisions of Sales Tax, Customs Duty and Excise Duty are not applicable to the Company.

There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, cess and other material statutory dues in arrears as at 31 March 2022 for a period of more than six months from the date they became payable.

3(vii) (b) According to the information and explanations given to us and records of the Company examined by us, there are no cases of non-deposit of disputed dues of sales tax or duty of customs or duty of excise. According to the information and explanations given to us, the following dues of income tax, service tax and Goods and service tax have not been deposited by the Company on account of dispute as at March 31,2022.

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Unpaid (₹ in Million)	Amount Deposited under protest (₹ in Million)
Income Tax Act, 1961	Income Tax	Bombay High Court	AY 2008-09	-	-
Income Tax Act, 1961	Income Tax	Bombay High Court	AY 2009-10	-	-
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2010-11	21.95	40.60
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2011-12	25.39	14.80
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2012-13	80.28	41.89
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2013-14	9.64	42.61
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2016-17	61.44	15.40
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2017-18	38.50	21.73
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2017-18	-	48.63
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2018-19	-	48.37
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2018-19	8.16	36.94
Income Tax Act, 1961	Income Tax	ITAT	AY 2012-13	88.95	-
Income Tax Act, 1961	Income Tax	ITAT	AY 2013-14	-	3.83
Income Tax Act, 1961	Income Tax	ITAT	AY 2016-17	-	13.95
The Finance Act, 1994	Service tax	Adjudicating Authority	Apr 2007 to March 2012	2.35	0.04
The Finance Act, 1994	Service tax	CESTAT Mumbai	April 2007 to 13 May 2008	131.91	2.15
The Finance Act, 1994	Service tax	CESTAT Mumbai	July 2012 to March 2014	158.90	3.39
The Finance Act, 1994	Service tax	CESTAT Mumbai	July 2012 to March 2014	517.58	13.34
Goods and Service tax Act	GST	GST Appeal Mumbai	01st July '17 to 31st March '19	1.81	0.18

3(viii) As per the information and explanation provided to us and as represented to us, there were no transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

3(ix) (a) According to the information and explanation given to us and based on our audit procedures, the Company has not defaulted in repayment of loans or borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations provided to us, the company has not been declared as wilful defaulter by any bank or financial institution or other lender.

(c) According to the information and explanations and records provided to us the term loans were applied for the purpose for which the loans were obtained.

(d) According to the information and explanations provided to us, in our opinion the funds raised on short term basis have not been utilised for long term purposes.

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

(e) According to the information and explanations provided to us and on examination of records, the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) According to the information and explanations given to us, the company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

3(x) (a) According to the information and explanations given to us and in our opinion, money raised by way of initial public offer or further public offer (including debt instruments) have been applied by the Company during the year for the purposes for which they were raised.

(b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partially or optionally convertible) during the year and hence reporting under clause (xiv) of CARO 2020 is not applicable to the Company. In case of shares issued to the employees under Employee Option scheme the requirements of section 62 or the companies act have been complied with and the funds raised have been used for the purposes for which funds were raised.

3(xi) (a) During the course of our examination of the books and records of the company carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, there have been instances of fraud on the company by way of theft amounting to ₹ 118.78 Million. No fraud by the Company has been noticed or reported during the year. We have not been informed of any such case by the management.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year, while determining the nature, timing and extent of our audit procedures.

3(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

3(xiii) According to the information and explanations given to us and in our opinion , all the transactions with the related parties are in compliance with sections 177 and 188 of Companies Act where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

3(xiv)(a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

3(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding or subsidiary companies or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

3(xvi)(a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

(b) The company is in the business of and has carried on the business of Non- Banking Financial activities during with valid Certificate of Registration (CoR) obtained from the Reserve Bank of India as per the Reserve Bank of India Act, 1934

(c) The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and accordingly reporting under clause 3(xvi)(c) of the Order is not applicable.

(d) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

3(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

3(xviii) There has been no resignation of the statutory auditors of the Company during the year.

3(xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, and

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

3(xx)(a) According to the information and explanations given to us, there are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.

(b) Amount of Rs 24.60 millions remaining unspent under section (5) of section 135 of Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance with provision of sub section (6) of section 135 of the said Act.

For **V Sankar Aiyar & Co.**
Chartered Accountants
(FRN: 109208W)

G. Sankar
Partner
M. No.046050

Place: Mumbai
Date: April 28, 2022
UDIN: 22046050AHZCGQ5516

For **Chhajed & Doshi**
Chartered Accountants
(FRN: 101794W)

M. P. Chhajed
Partner
M. No. 049357

Place: Mumbai
Date: April 28, 2022
UDIN: 22049357AHZGAW5720

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

Annexure B referred to in our report of even date to the members of IIFL Finance Limited on the standalone accounts for the year ended 31st March 2022

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of IIFL Finance Limited ("the Company") as of March 31st, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **V Sankar Aiyar & Co.**
Chartered Accountants
(FRN: 109208W)

G. Sankar
Partner
M. No.046050

Place: Mumbai
Date: April 28, 2022
UDIN: 22046050AHZCGQ5516

For **Chhajed & Doshi**
Chartered Accountants
(FRN: 101794W)

M. P. Chhajed
Partner
M. No. 049357

Place: Mumbai
Date: April 28, 2022
UDIN: 22049357AHZGAW5720

STANDALONE BALANCE SHEET

AS AT MARCH 31, 2022

(₹ in Millions)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
Assets			
[1] Financial assets			
(a) Cash and cash equivalents	4	43,569.37	20,518.72
(b) Bank balance other than (a) above	5	12,518.66	15,406.27
(c) Derivative financial instruments	6	644.13	416.88
(d) Receivables			
(i) Trade receivables	7	1,405.43	1,593.73
(ii) Other receivables	7	158.00	5.10
(e) Loans	8	128,840.46	155,942.99
(f) Investments	9	24,488.54	12,042.57
(g) Other financial assets	10	5,185.75	2,079.67
		216,810.34	**208,005.93**
[2] Non-financial assets			
(a) Current tax assets (net)		2,270.23	2,468.67
(b) Deferred tax assets (net)	11	1,584.97	2,063.60
(c) Investment property	12	2,885.13	2,640.02
(d) Property, plant and equipment	13	1,348.24	955.44
(e) Capital work-in-progress	14	56.44	65.60
(f) Right to use assets	15	2,972.54	2,793.94
(g) Other intangible assets	16	19.16	9.15
(h) Other non-financial assets	17	3,337.15	3,104.90
(i) Assets held for sale	18	78.44	-
		14,552.30	**14,101.32**
Total Assets		**231,362.64**	**222,107.25**
Liabilities And Equity			
Liabilities			
[1] Financial liabilities			
(a) Derivative financial instruments	6	1,494.62	1,186.69
(b) Payables			
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	19	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	19	861.67	664.22
(II) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	19	99.06	-
(c) Finance lease obligation	15	3,276.24	3,054.22
(d) Debt securities	20	51,052.83	53,446.73
(e) Borrowings (other than debt securities)	21	97,710.68	92,179.83
(f) Subordinated liabilities	22	13,696.40	17,373.98
(g) Other financial liabilities	23	17,844.92	14,854.73
		186,036.42	**182,760.40**
[2] Non-financial liabilities			
(a) Current tax liabilities (net)		184.41	185.44
(b) Provisions	24	413.84	315.63
(c) Other non-financial liabilities	25	458.95	638.46
		1,057.20	**1,139.53**
Total Liabilities		**187,093.62**	**183,899.93**
[3] Equity			
(a) Equity share capital	26	759.20	757.68
(b) Other equity	26.1	43,509.82	37,449.64
		44,269.02	**38,207.32**
Total Liabilities and Equity		**231,362.64**	**222,107.25**
See accompanying notes forming part of the financial statements	1 - 59		

In terms of our report attached

For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

G. Sankar
Partner
Membership No. 046050

For Chhajed & Doshi
Chartered Accountants
Firm Registration No. 101794W

M.P. CHHAJED
Partner
Membership No. 049357

Place: Mumbai
Dated: April 28, 2022

For and on behalf of the Board of Directors of IIFL FINANCE LIMITED

NIRMAL JAIN
Managing Director
DIN : 00010535

R. VENKATARAMAN
Joint Managing Director
DIN : 00011919

RAJESH RAJAK
Chief Financial Officer

SNEHA PATWARDHAN
Company Secretary

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in Millions)

Sr. No	Particulars	Notes	Year ended March 31, 2022	Year ended March 31, 2021
	Revenue from operations			
(i)	Interest income	27.1	35,638.11	30,703.91
(ii)	Dividend income	27.2	629.05	701.88
(iii)	Fees and commission income		501.52	362.31
(iv)	Net gain on fair value changes	28	720.32	1,553.43
(v)	Net gain on derecognition of financial instruments under amortized cost category	31	3,134.09	651.15
(I)	**Total revenue from operations**		**40,623.09**	**33,972.68**
(II)	**Other income**	29	269.44	389.37
(III)	**Total Income (I+II)**		**40,892.53**	**34,362.05**
	Expenses			
(i)	Finance costs	30	16,156.07	15,549.75
(ii)	Net loss on derecognition of financial instruments under amortized cost category	31	7,238.33	5,686.45
(iii)	Impairment on financial instruments	32	(2,242.84)	1,980.68
(iv)	Employee benefits expenses	33	5,199.05	4,071.14
(v)	Depreciation, amortization and impairment	13, 15 & 16	1,064.26	908.83
(vi)	Other expenses	34	3,803.91	2,420.75
(IV)	**Total Expenses (IV)**		**31,218.78**	**30,617.60**
(V)	**Profit before exceptional items and tax (III-IV)**		**9,673.75**	**3,744.45**
(VI)	Exceptional items	35	-	530.50
(VII)	**Profit before tax (V +VI)**		**9,673.75**	**4,274.95**
(VIII)	**Tax expense:**			
	(1) Current tax	36	1,712.83	972.83
	(2) Deferred tax	11 & 36	511.79	(167.48)
	(3) Current tax expenses relating to previous years	36	(5.71)	43.83
	Total tax expense		**2,218.91**	**849.18**
(IX)	**Profit for the year (VII-VIII)**		**7,454.84**	**3,425.77**
(X)	**Other Comprehensive Income**			
	(A) (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of defined benefit liability/(asset)	36	9.61	8.99
	(ii) Income tax relating to items that will not be reclassified to profit or loss	11 & 36	(2.41)	(2.26)
	Subtotal (A)		**7.20**	**6.73**
	(B) (i) Items that will be reclassified to profit or loss			
	(a) Cash flow hedge (net)	36	(141.32)	(291.04)
	(ii) Income tax relating to items that will be reclassified to profit or loss	11 & 36	35.57	73.24
	Subtotal (B)		**(105.75)**	**(217.80)**
	Other Comprehensive Income (A+B)		**(98.55)**	**(211.07)**
(XI)	**Total Comprehensive Income for the year (IX+X)**		**7,356.29**	**3,214.70**
(XII)	**Earnings per equity share of face value ₹ 2 each**	37		
	Basic (₹)		19.66	9.05
	Diluted (₹)		19.54	9.03
	See accompanying notes forming part of the financial statements	1 - 59		

In terms of our report attached

For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

G. Sankar
Partner
Membership No. 046050

For Chhajed & Doshi
Chartered Accountants
Firm Registration No. 101794W

M.P. CHHAJED
Partner
Membership No. 049357

Place: Mumbai
Dated: April 28, 2022

For and on behalf of the Board of Directors of IIFL FINANCE LIMITED

NIRMAL JAIN
Managing Director
DIN : 00010535

R. VENKATARAMAN
Joint Managing Director
DIN : 00011919

RAJESH RAJAK
Chief Financial Officer

SNEHA PATWARDHAN
Company Secretary

STANDALONE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in Millions)

Particulars	Notes	Year ended March 31, 2022		Year ended March 31, 2021	
A. CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax			**9,673.75**		**4,274.95**
Adjustments for:					
Depreciation, amortization and impairment	13, 15 & 16	1,064.26		908.83	
Impairment on loans	32	(2,159.60)		1,691.10	
Impairment on other financial instruments		(83.24)		289.58	
(Profit) / loss on sale of assets		(0.30)		1.53	
(Gain) / loss on termination of lease - Ind AS 116		(3.29)		(4.45)	
Net (gain) / loss on fair value changes on investments - realized	28	(721.61)		(2,043.68)	
Net (gain) / loss on fair value changes on investments - unrealised	28	1.29		(40.25)	
Net (gain) / loss on derecognition of financial instruments under amortized cost	31	(3,134.09)		(651.15)	
Employee benefit expenses - share based		30.98		4.36	
Employee benefit expenses - others		67.36		78.41	
Interest on loans		(34,340.12)		(30,015.51)	
Interest on deposits with banks	27.1	(601.82)		(530.90)	
Dividend income	27.2	(629.05)		(701.88)	
Finance cost		15,820.12		15,271.54	
Interest expenses - Ind AS 116	15	285.69		245.87	
Net (gain) / loss on buy back of debentures		(7.85)		(2.67)	
Income received on loans		39,198.33		23,257.46	
Interest received on deposits with banks		603.44		549.51	
Finance cost paid		(16,456.44)	(1,065.94)	(14,577.99)	(6,270.30)
Operating profit / (loss) before working capital changes			**8,607.81**		**(1,995.35)**
Decrease / (increase) in financial and non financial assets		(183.59)		(3,079.94)	
Increase / (decrease) in financial and non financial liabilities		4,190.62	4,007.03	7,516.55	4,436.60
Cash (used in) / generated from operations			**12,614.84**		**2,441.25**
Taxes paid			(1,509.74)		(1,331.32)
Net cash (used in) / generated from operating activities			**11,105.10**		**1,109.93**
Loans (disbursed) / repaid (net)			24,457.45		(9,057.89)
Net cash (used in) / generated from operating activities (A)			**35,562.55**		**(7,947.96)**
B. CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment and other intangible assets			(842.26)		(321.31)
Sale of property, plant and equipment and other intangible assets			6.99		15.77
Purchase of equity investments in subsidiary			(2,250.00)		(675.00)
Proceeds from equity investment in subsidiary			-		1,321.23

STANDALONE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Particulars	Notes	Year ended March 31, 2022	Year ended March 31, 2021
Redemption in debentures of subsidiary		-	499.88
Purchase of investment property		(245.10)	(63.08)
Proceeds / (Purchase) of Investments		(9,475.65)	8,067.21
Dividend income		629.05	701.88
Proceeds / (Deposits) from maturity of deposits placed with Banks		2,905.55	(4,960.05)
Net cash (used in) / generated from investing activities (B)		**(9,271.42)**	**4,586.51**
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity share (including securities premium)		86.05	45.59
Payment of stamp duty on account of merger		(83.40)	-
Dividend paid (including dividend distribution tax)		(1,328.20)	(1,135.41)
Proceeds from debt securities		15,148.20	9,251.80
Repayment of debt securities		(18,357.89)	(13,685.10)
Proceeds from borrowings (other than debt securities)		40,323.71	121,298.60
Repayment of borrowings (other than debt securities)		(35,027.92)	(97,956.56)
Proceeds from subordinated liabilities		500.00	6,708.60
Repayment of subordinated liabilities		(3,639.71)	(6,010.29)
Payment of lease liability		(861.32)	(699.77)
Net cash (used in) / generated from financing activities (C)		**(3,240.48)**	**17,817.46**
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)		**23,050.65**	**14,456.00**
Add : Opening cash and cash equivalents as at the beginning of the year		20,518.72	6,062.72
Cash and cash equivalents as at the end of the year	4	**43,569.37**	**20,518.72**
See accompanying notes forming part of the financial statements	1 - 59		

In terms of our report attached

For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

For Chhajed & Doshi
Chartered Accountants
Firm Registration No. 101794W

G. Sankar
Partner
Membership No. 046050

M.P. CHHAJED
Partner
Membership No. 049357

Place: Mumbai
Dated: April 28, 2022

For and on behalf of the Board of Directors of IIFL FINANCE LIMITED

NIRMAL JAIN
Managing Director
DIN : 00010535

R. VENKATARAMAN
Joint Managing Director
DIN : 00011919

RAJESH RAJAK
Chief Financial Officer

SNEHA PATWARDHAN
Company Secretary

STANDALONE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2022

A. Equity Share Capital

(₹ in Millions)

Particulars	Balance at the beginning of the reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
As at March 31, 2022 (Refer Note 26)	757.68	1.52	759.20
As at March 31, 2021 (Refer Note 26)	756.68	1.00	757.68

B. Other Equity

(₹ in Millions)

Particulars	Share application money pending allotment (Note 1)	Reserves & Surplus								Other Comprehensive Income		Total
		Capital Reserve (Note 2)	Securities Premium Reserve (Note 3)	General Reserve (Note 4)	Special Reserve pursuant to Section 45 IC of Reserve Bank of India Act, 1934 (Note 5)	Capital Redemption Reserve (Note 6)	Debenture Redemption Reserve (Note 7)	Retained Earnings (Note 8)	Stock Compensation Reserve (Note 9)	Effective portion of Cash Flow Hedges (Note 10)	Remeasurements of defined benefit (Note 11)	
Balance as at April 1, 2020	**-**	**838.85**	**18,344.36**	**5,086.05**	**5,255.11**	**2,301.11**	**128.04**	**3,208.15**	**174.14**	**-**	**(14.41)**	**35,321.40**
Profit for the year	-	-	-	-	-	-	-	3,425.77	-	-	-	3,425.77
Other comprehensive income/ (loss)	-	-	-	-	-	-	-	-	-	(217.80)	6.73	(211.07)
Interim dividend	-	-	-	-	-	-	-	(1,135.41)	-	-	-	(1,135.41)
Transfer to/ (from) reserves	-	-	12.62	6.82	686.80	-	-	(686.80)	(19.44)	-	-	-
Addition during the year	-	-	44.59	-	-	-	-	-	4.36	-	-	48.95
Balance as at March 31, 2021	**-**	**838.85**	**18,401.57**	**5,092.87**	**5,941.91**	**2,301.11**	**128.04**	**4,811.71**	**159.06**	**(217.80)**	**(7.68)**	**37,449.64**
Profit for the year	-	-	-	-	-	-	-	7,454.84	-	-	-	7,454.84
Other comprehensive income/ (loss)	-	-	-	-	-	-	-		-	(105.75)	7.20	(98.55)
Interim dividend	-	-	-	-	-	-	-	(1,328.21)	-	-	-	(1,328.21)
Share issue expenses	-	-	(83.40)	-	-	-	-	-	-	-	-	(83.40)
Transfer to/ (from) reserves	-	-	47.57	0.65	1,952.30	-	-	(1,952.30)	(48.22)	-	-	0.00
Addition during the year	-	-	84.52	-	-	-	-	-	30.98	-	-	115.50
Balance as at March 31, 2022	**-**	**838.85**	**18,450.26**	**5,093.52**	**7,894.21**	**2,301.11**	**128.04**	**8,986.04**	**141.82**	**(323.55)**	**(0.48)**	**43,509.82**

Notes:

1. **Share application money pending allotment:** Money received for share application for which allotment is pending.
2. **Capital Reserve:** Capital reserve is created on account of Composite Scheme of Arrangement.
3. **Securities Premium Reserve:** The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve.

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

4. **General Reserve:** The reserve can be distributed/ utilized by the Company, in accordance with The Companies Act, 2013.
5. **Special Reserve:** Pursuant to section 45-IC of the Reserve Bank of India Act, 1934, 20% of the profit after tax for the year has been transferred from Retained Earnings to Special Reserve.
6. **Capital Redemption Reserve:** This reserve has been created on redemption of preference shares capital as per section 55 of The Companies Act, 2013.
7. **Debenture Redemption Reserve:** Pursuant to Section 71 of The Companies Act, 2013 read with Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014 the Company being an NBFC is required to create Debenture Redemption Reserve of a value equivalent to 25% of the debentures offered through public issue. Pursuant to Ministry of Corporate Affairs circular dated August 16, 2019, reserve is not required to be created for the Non Convertible Debentures going forward.
8. **Retained Earnings:** These are the profits that the Company has earned till date, less any transfers to Statutory Reserve, Debenture Redemption Reserve, General Reserve, Dividend distribution and Capital Redemption Reserve.
9. **Stock Compensation Reserve:** The employee stock options reserve represents reserve in respect of equity settled share options granted to the employees of the Company and its Group in pursuance of employee stock options plan.
10. **Effective portion of Cash Flow Hedges:**These reserve refers to changes in the fair value of Derivative Financial Contracts which are designated as effective Cash Flow Hedge.
11. **Remeasurements of defined benefit:** This reserve refers to remeasurement of gains and losses arising from experience adjustments, changes in actuarial assumptions and return on plan assets of the defined benefit plan.

See accompanying notes forming part of the financial statements (1 - 59)

In terms of our report attached

For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

G. Sankar
Partner
Membership No. 046050

Place: Mumbai
Dated: April 28, 2022

For Chhajed & Doshi
Chartered Accountants
Firm Registration No. 101794W

M.P. CHHAJED
Partner
Membership No. 049357

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED

NIRMAL JAIN
Managing Director
DIN : 00010535

R. VENKATARAMAN
Joint Managing Director
DIN : 00011919

RAJESH RAJAK
Chief Financial Officer

SNEHA PATWARDHAN
Company Secretary

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

NOTE 1. CORPORATE INFORMATION:

Company overview

IIFL Finance Limited (the "Company") is a Systemically Important Non-Banking Financial Company not accepting public deposits ("NBFC-ND-SI") registered with the Reserve Bank of India ("the RBI") under section 45-IA of the Reserve Bank of India Act, 1934 and primarily engaged in financing and related activities. The Company had received the certificate of registration from RBI on March 12, 2020, enabling the Company to carry on business as a Non-Banking Financial Company. The Company offers a broad suite of financial products such as gold loan, loans to Micro, small & medium enterprise ("MSME"), loan against securities and digital finance loans

The audited financial statements were subject to review and recommendation of Audit Committee and approval of Board of Directors. On April 28, 2022, Board of Directors of the Company approved and recommended the audited financial statements for consideration and adoption by the shareholders in its Annual General Meeting.

NOTE 2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS:

The financial statements have been prepared in accordance with the Indian Accounting Standards ("Ind AS") on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below and the relevant provisions of The Companies Act, 2013 ("Act").

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36.

Fair value measurements under Ind AS are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, (that are not traded in active market) that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities.

(a) Use of estimates and judgements

The preparation of the financial statements in conformity with Indian Accounting Standards ("Ind AS") requires the management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

(b) Statement of compliance

The standalone financial statements of the Company have been prepared in accordance with the provisions of the Act and the Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in exercise of the powers conferred by section 133 read with sub-section (1) of section 210A of the Companies Act, 2013 along with the applicable guidelines issued by Reserve Bank of India ("RBI"). In addition, the guidance notes/ announcements issued by the Institute of Chartered Accountants of India ("ICAI") are also applied except where compliance with other statutory promulgations requires a different treatment.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(c) Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to Act applicable for Non-Banking Finance Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the Financial Statements along with the other notes required to be disclosed under the notified Accounting Standards and regulations issued by the RBI.

Note 3. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

i. Interest income and dividend income

Interest income on financial instruments at amortized cost is recognized on a time proportion basis taking into account the amount outstanding and the effective interest rate ("EIR") applicable.

Interest on financial instruments measured at fair value is included within the fair value movement during the period.

The EIR is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at fair value through profit and loss ("FVTPL"), transaction costs are recognized in the Statement of Profit and Loss at initial recognition.

Dividend on equity shares, preference shares and on mutual fund units is recognized as income when the right to receive the dividend is established.

ii. Fees and charges

Fees and charges include fees other than those that are an integral part of EIR. The fees included in this part of the Company's Statement of Profit and Loss include, among other things, fees charged for servicing a loan.

Cheque bounce charges, late payment charges and foreclosure charges are recognized on a point-in-time basis and are recorded when realized.

Fee and commission expenses with regards to services are accounted for as and when the services are delivered.

iii. Income from financial instruments at FVTPL

Income from financial instruments at FVTPL includes all gains and losses from changes in the fair value of financial assets and financial liabilities at FVTPL.

iv. Assignment transactions

In accordance with Ind AS 109, in case of assignment transactions with complete transfer of risks and rewards without any retention of residual interest, gain arising on such assignment transactions is recorded upfront in the Statement of Profit and Loss and the corresponding asset is derecognized from the Balance Sheet immediately upon execution of such transaction. Further, the transfer of financial assets qualifies for derecognition in its entirety, the whole of the interest spread at its present value (discounted over the life of the asset) is recognized on the date of derecognition itself as interest only strip receivable (interest strip on assignment) and correspondingly recognized as profit on derecognition of financial asset.

v. Securitization transactions

In accordance with Ind AS 109, in case of securitization transactions, the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

vi. Other operational revenue

Other operational revenue represents income earned from the activities incidental to the business and is recognized when the right to receive the income is established as per the terms of the contract.

(b) Property, plant and equipment ("PPE")

PPE is recognized when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax, if any, less accumulated depreciation. Cost includes professional fees related to the acquisition of PPE and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy.

Depreciation is charged using the straight-line method, based on the useful life of fixed assets as estimated by the Management, as specified below. Depreciation is charged from the month in which new assets are put to use. No depreciation is charged from the month in which assets are sold. In case of transfer of used fixed assets from group companies, depreciation is charged over the remaining useful life of the asset. Individual assets / group of similar assets costing up to ₹ 5,000 have been depreciated in full in the year of purchase.

The estimated useful life of assets is as under:

Class of assets	Useful life
Buildings	20 years
Computers	3 years
Office equipment	5 years
Plant and Equipment	5 years
Furniture and fixtures	5 years
Vehicles	5 years

For above class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the Management believes that the useful lives as given above best represent the period over which Management expects to use these assets.

An item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

Capital work in progress

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest and are disclosed as "capital work-in-progress".

(c) Intangible assets

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax, less accumulated amortization and cumulative impairment.

Intangible assets i.e. Software are amortized on straight-line basis over the estimated useful life of 3 years.

Amortization on impaired assets is provided by adjusting the amortization charge in the remaining periods so as to allocate the assets revised carrying amount over its remaining useful life.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in the Statement of Profit and Loss when the asset is derecognized.

(d) Investment property

Investment properties are properties held to earn rentals and/ or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost, net of accumulated depreciation and accumulated impairment loss, if any.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Statement of Profit and Loss in the period in which the Investment property is derecognized.

Freehold land and properties under construction are not depreciated.

(e) Non-current Assets held for Sale

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

(f) Impairment of assets

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE, intangible assets and investment property assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE, intangible assets and investment property are tested for impairment so as to determine the impairment loss, if any.

Recoverable amount is the higher of fair value less costs of disposal and value in use. If recoverable amount of an asset is estimated to be less than its carrying amount, such deficit is recognized immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset is reduced to its recoverable amount.

When an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to an extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in the Statement of Profit and Loss.

(g) Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

Securities premium includes:

- The difference between the face value of the equity shares and the consideration received in respect of shares issued pursuant to Stock Option Scheme.
- The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme

(h) Employee benefits

Defined contribution plans

The Company's contribution towards Provident Fund and Family Pension Fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees and are accounted for on an accrual basis and recognized in the Statement of Profit and loss.

Defined benefit plans

Short term employee benefits: Employee benefits falling due wholly within twelve months of rendering the service are classified as short-term employee benefits and are expensed in the period in which the employee renders the related service. Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. These benefits include performance incentive and compensated absences

Post employment benefits: The employees' gratuity fund scheme represents defined benefit plan. The present value of the obligation under defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations at the Balance Sheet date.

Re-measurement, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of asset ceiling (if applicable) is recognized in other comprehensive income and is reflected in retained earnings and the same is not eligible to be reclassified to the Statement of Profit and Loss.

Defined benefit costs comprising current service cost, past service cost and gains or losses on settlements are recognized in the Statement of Profit and Loss as employee benefit expenses. Gains or losses on settlement of any defined benefit plan are recognized when the settlement occurs. Past service cost is recognized as expense at the earlier of the plan amendment or curtailment and when the Company recognizes related restructuring costs or termination benefits.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on a net basis.

Long term employee benefits: The obligation recognized in respect of long-term benefits being long term compensated absences, is measured at present value of estimated future cash flows expected to be made by the Company and is recognized in a similar manner as in the case of defined benefit plan above.

(i) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

(j) Taxes on income

Current tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans and the reversal of temporary differences.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption.

For transactions and other events recognized in profit or loss, any related tax effects are also recognized in profit or loss. For transactions and other events recognized outside profit or loss (either in other comprehensive income or directly in equity), any related tax effects are also recognized outside profit or loss (either in other comprehensive income or directly in equity, respectively).

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off assets against liabilities, representing current tax and where the deferred tax assets and deferred tax liabilities relates to taxes on income levied by the same governing taxation laws.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Current and deferred tax for the year

Current and deferred tax are recognized in the Statement of profit and loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

(k) Financial instruments

Financial assets and financial liabilities are recognized in the Company's Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Recognized financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in the Statement of Profit and Loss.

Financial assets

Classification and measurement

The Company classifies its financial assets into the following measurement categories: amortized cost; fair value through other comprehensive income; and fair value through profit or loss.

All recognized financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial instruments measured at amortized cost

Debt instruments that meet the following criteria are measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. The principal amount may change over the life of the financial asset (e.g., if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

Debt instruments that are subsequently measured at amortized cost are subject to impairment.

Financial instruments measured at fair value through other comprehensive income ("FVTOCI")

Debt instruments that meet the following criteria are measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognized in Statement of profit and loss for FVTOCI debt instruments. Other changes in fair value of FVTOCI financial assets are recognized in other comprehensive income. When the asset is disposed of, the cumulative gain or loss previously accumulated in reserve is transferred to Statement of Profit and Loss.

Financial instruments measured at fair value through Profit and Loss ("FVTPL")

Instruments that do not meet the amortized cost or FVTOCI criteria are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in the Statement of Profit and Loss. The gain or loss on disposal is recognized in the Statement of Profit and Loss.

Interest income is recognized in the Statement of Profit and Loss for FVTPL debt instruments. Dividend on financial assets at FVTPL is recognized when the Company's right to receive dividend is established.

Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to Statement of Profit and Loss on disposal of the investments. Dividends from these investments are recognized in the Statement of Profit and Loss when the Company's right to receive dividends is established.

Reclassifications

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Company's financial assets. Changes in contractual cash flows are considered under the accounting policy on modification and derecognition of financial assets described below.

Impairment of financial assets

Company recognizes loss allowances using the Expected Credit Loss ("ECL") model for the financial assets which are not fair valued through profit and loss. ECL is calculated using a model which captures portfolio performance over a period of time. ECL is a probability-weighted estimate of credit losses. A credit loss is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive discounted at the original EIR. Vintage loss curve model is used for ECL computation of retail portfolio which involves assessment of performance of segmented portfolio over a time period. The model tracks month-wise losses during the loan tenor. Vintage loss rate models provide a simple, reasonable model for both one-year and lifetime expected credit loss forecasts. For wholesale portfolio, ECL computation is done for each loan account based on CRISIL default study and International Review Board ("IRB") guidelines.

ECL is measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Company measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

Key elements of ECL computation are outlined below:

- Probability of default ("PD") is an estimate of the likelihood that customer will default over a given time horizon. A default may only happen at a certain time over the assessed period, if the

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

facility has not been previously de-recognized and is still in the portfolio.

- Loss given default ("LGD") estimates the normalized loss which Company incurs post customer default. It is usually expressed as a percentage of the Exposure at default ("EAD").
- Effective interest rate ("EIR") is the rate that discounts estimated future cash flows through the expected life of financial instrument. For calculating EIR any upfront fees needs to be excluded from the loans and advance amount.

Credit impaired financial assets

A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default ("PD") which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

Default considered for computation of ECL computation is as per the applicable prudential regulatory norms.

Significant increase in credit risk

The Company monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. The Company's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's expert credit assessment.

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/ or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g., a change to the increase in the interest rate that arises when covenants are breached).

The Company renegotiates loans to customers in financial difficulty to maximize collection and minimize the risk of default. Loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified, the Company assesses whether this modification results in derecognition. In accordance with the Company's policy, a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Company considers the following:

Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then a quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest.

In the case where the financial asset is derecognized, the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognized at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Company monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Company determines if the financial asset's credit risk has increased significantly since initial recognition.

For financial assets modified, where modification did not result in derecognition, the estimate of PD reflects the Company's ability to collect the modified cash flows taking into account the Company's previous experience of similar forbearance action, as well as various behavioral indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behavior following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Company calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Company measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognized in OCI and accumulated in equity is recognized in the Statement of Profit and Loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to the Statement of Profit and Loss.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Write-off

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains.

Financial liabilities and equity Instruments

Debt and equity instruments that are issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Compound instruments

The component parts of compound instruments (e.g., convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments.

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently re-measured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to other component of equity. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognized in equity will be transferred to retained earnings. No gain/ loss is recognized in Statement of Profit and Loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the life of the convertible notes using the effective interest rate method.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest rate method.

The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet only if there is an enforceable legal right to offset the recognized amounts with an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously

(l) Investment in subsidiaries

Investment in subsidiaries is recognized at cost and is not adjusted to fair value at the end of each reporting period as allowed by Ind AS 27 'Separate financial statement'. Cost of investment represents amount paid for acquisition of the said investment.

The Company assesses at the end of each reporting period, if there are any indications that the said investment may be impaired. If so, the Company estimates the recoverable value/amount of the investment and provides for impairment, if any i.e. the deficit in the recoverable value over cost.

(m) Cash and bank balances

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

(n) Goods and service tax input credit

Goods and service tax input credit is accounted for in the books in the period in which the supply of goods or service received is accounted and when there is no uncertainty in availing/ utilizing the credits.

(o) Borrowing costs

Borrowing costs include interest expense calculated using the EIR method.

(p) Foreign currencies

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in the Statement of Profit and Loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in the Statement of Profit and Loss in the period in which they arise.

(q) Segment reporting

The Company's primary business segments are reflected based on the principal business carried out, i.e. financing. All other activities of the Company revolve around the main business. The risk and returns of the business of the Company is not associated with geographical segmentation, hence there is no secondary segment reporting based on geographical segment. As such, there are no separate reportable segments.

(r) Provisions, contingent liabilities and contingent assets

Provisions are recognized only when:

- an entity has a present obligation (legal or constructive) as a result of a past event; and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Contingent liability is disclosed in case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- a present obligation arising from past events, when no reliable estimate is possible.

Contingent liabilities are disclosed in the Notes. Contingent assets are neither recognized nor disclosed in the financial statements.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(s) Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

- changes during the period in operating receivables and payables transactions of a non-cash nature;
- non-cash items such as depreciation, provisions, deferred taxes and unrealised foreign currency gains and losses.
- all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of balance sheet.

(t) Derivative financial instruments and hedging

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures relating to foreign currency borrowings. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

The Company designates only the change in fair value of the spot element of the forward exchange contract as the hedging instrument in cash flow hedging relationships. The effective portion of changes in fair value of hedging instruments is accumulated in a cash flow hedge reserve as a separate component of equity.

The forward cost are separately accounted for as a cost of hedging and are recognized in OCI and accumulated in a cost of hedging reserve as a separate component within equity.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated under the heading of Cash Flow Hedge Reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss and is included in the other Income line item.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss or the hedged item affects profit or loss.

If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

(u) Leases

The Company assesses whether a contract contains a lease, at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company considers whether (i) the contract involves the use of identified asset; (ii) the Company has substantially all of the economic benefits from the use of the asset through the period of lease and (iii) the Company has right to direct the use of the asset.

As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located, less any lease incentives received.

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities include these options when it is reasonably certain that the option will be exercised.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprises of fixed payments, including in-substance fixed payments, amounts expected to be payable under a residual value guarantee and the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease liability and the right of use asset have been separately presented in the balance sheet and lease payments have been classified as financing activities.

The Company has elected not to recognize right-of-use assets and lease liabilities for short term leases that have a lease term of less than or equal to 12 months with no purchase option and assets with low value leases. The Company recognizes the lease payments associated with these leases as an expense in statement of profit and loss over the lease term. The related cash flows are classified as operating activities.

As a lessor

Leases for which the Company is a lessor is classified as finance or operating leases. When the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right of use asset arising from the head lease.

Critical accounting estimate and judgement

1. **Determination of lease term**

   Ind AS 116 Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Company's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

2. **Discount rate**

   The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

The Company as a lessee

As a lessee, the Company leases assets which includes gold loan branches/office premises and vehicles to employees. The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under Ind AS 116, the Company recognizes right-to-use assets and lease liabilities for these leases.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 4. CASH AND CASH EQUIVALENTS

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash and cash equivalents		
Cash on hand	486.47	202.19
Balance with Banks - In current accounts	34,908.53	20,210.04
- In Deposit accounts	8,170.64	106.32
- Interest accrued on above fixed deposits	3.73	0.17
Total	**43,569.37**	**20,518.72**

NOTE 5. BANK BALANCE (OTHER THAN CASH AND CASH EQUIVALENTS)

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance with Banks in earmarked accounts towards unclaimed amount on NCD and dividend	136.07	116.53
In deposit accounts (refer note 5.1)	12,324.60	15,230.05
Interest accrued on fixed deposits (refer note 5.1)	57.99	59.69
Total	**12,518.66**	**15,406.27**

Note 5.1 Out of the Fixed Deposits shown above

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Lien marked	8,034.96	10,752.43
Margin for credit enhancement	4,347.63	4,537.31
Total	**12,382.59**	**15,289.74**

NOTE 6: DERIVATIVE FINANCIAL INSTRUMENTS

(₹ in Millions)

Part I	As at March 31, 2022			As at March 31, 2021		
	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
(i) Currency derivatives						
- Spot and forwards	36,943.78	458.53	1,494.62	39,396.29	416.88	973.81
(ii) Interest rate derivatives						
- Forward rate agreements and interest rate swaps	6,955.00	185.60	-	6,955.00	-	212.88
(iii) Credit derivatives	-	-	-	-	-	-
(iv) Equity linked derivatives	-	-	-	-	-	-
(v) Other derivatives	-	-	-	-	-	-
Forward exchange contract	-	-	-	-	-	-
Total	**43,898.78**	**644.13**	**1,494.62**	**46,351.29**	**416.88**	**1,186.69**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Part II	As at March 31, 2022			As at March 31, 2021		
	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) Fair value hedging	-	-	-	-	-	-
(ii) Cash flow hedging						
- Currency derivatives	36,943.78	458.53	1,494.62	39,396.29	416.88	973.81
- Interest rate derivative	6,955.00	185.60	-	6,955.00	-	212.88
(iii) Net investment hedging	-	-	-	-	-	-
(iv) Undesignated derivatives	-	-	-	-	-	-
Forward exchange contract	-	-	-	-	-	-
Total	**43,898.78**	**644.13**	**1,494.62**	**46,351.29**	**416.88**	**1,186.69**

Credit Risk and Currency Risk

(₹ in Millions)

	Total		Exchange Traded		Over the Counter	
	Notional	Fair value	Notional	Fair value	Notional	Fair value
Year ended March 31, 2022						
Derivative Asset	13,825.00	644.13	-	-	13,825.00	644.13
Derivative Liabilities	30,073.78	1,494.62	-	-	30,073.78	1,494.62
Year ended March 31, 2021						
Derivative Asset	6,870.00	416.88	-	-	6,870.00	416.88
Derivative Liabilities	39,481.29	1,186.69	-	-	39,481.29	1,186.69

6.1 Hedging activities and derivatives

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are interest rate and currency risk.

6.1.1 Derivatives designated as hedging instruments

The foreign currency and interest rate risk on borrowings have been actively hedged through a combination of forward contracts and interest rate swaps.

The Company is exposed to interest rate risk arising from its foreign currency borrowings. Interest on the borrowing is payable at a floating rate linked to the Benchmark plus Margin. The Company has hedged the interest rate risk arising from the debt with a 'receive floating pay fixed' interest rate swap.

The Company uses Cross Currency Swap Contracts and Forward Exchange Contracts to hedge its risks associated with interest rate and currency risk arising from the foreign currency loans. The Company designates such contracts in a cash flow hedging relationship by applying the hedge accounting principles as per IND AS standards. These contracts are stated at fair value of the spot element of the forward exchange contracts at each reporting date. Changes in the fair value of these contracts that are designated as effective hedge of future cash flows are recognised directly in the "Cash Flow Hedge Reserve" under Other Comprehensive Income and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Hedge accounting is discontinued when the hedged instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

There is an economic relationship between the hedged item and the hedging instrument as the terms of the Forward contracts/ Interest Rate Swaps match that of the foreign currency borrowings (notional amount, interest payment dates, principal repayment date, etc.). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the Forward contracts/interest rate swaps are identical to the hedged risk components.

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Notional amount	43,898.78	46,351.29
Carrying amount	850.49	769.81
Line item in the statement of financial position	Derivative financial instrument	Derivative financial instrument
Change in fair value used for measuring ineffectiveness for the year (Profit/ (Loss))	(105.75)	(217.80)

(₹ in Millions)

Impact of hedging item	As at March 31, 2022	As at March 31, 2021
Change in fair value (Profit/ (Loss))	(105.75)	(217.80)
Cash flow hedge reserve (Profit/ (Loss))	(105.75)	(217.80)
Cost of hedging	-	-

(₹ in Millions)

Effect of Cash flow hedge	As at March 31, 2022	As at March 31, 2021
Total hedging gain / (loss) recognized in OCI	(105.75)	(217.80)
Ineffectiveness recognized in profit/ (loss)	-	-

NOTE 7. RECEIVABLES

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Trade Receivables		
Receivables considered good - Secured	1,345.00	1,564.65
Receivables considered good - Unsecured *	60.43	29.08
Receivables - credit impaired	0.03	2.95
Total (i) - Gross	**1,405.46**	**1,596.68**
Less: Impairment loss allowance	(0.03)	(2.95)
Total (i) - Net	**1,405.43**	**1,593.73**
(ii) Other Receivables		
Receivables considered good - Unsecured	158.00	5.10

* Including receivables from Group/Subsidiaries Company (refer note 42.2)

Note 7.1 Trade Receivables Ageing Schedule (Gross)

(₹ in Millions)

Particulars	As at March 31, 2022					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	1,404.17	1.07	0.19	-	-	**1,405.43**
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	0.03	-	**0.03**
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Total	**1,404.17**	**1.07**	**0.19**	**0.03**	**-**	**1,405.46**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Particulars	As at March 31, 2021					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	1,593.55	0.05	0.03	0.08	0.02	**1,593.73**
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	0.13	0.03	2.79	-	**2.95**
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Total	**1,593.55**	**0.18**	**0.06**	**2.87**	**0.02**	**1,596.68**

Notes:

1. No trade or other receivables are due from directors or other officer of the company either severally or jointly, with any other person. No trade or other receivables are due from firms including limited liability partnerships, private companies in which any director is a partner or a director or a member.
2. The Company has adopted simplified approach for impairment allowance on trade receivables. Expected credit loss ("ECL") has been recognized on credit impaired receivables.
3. Trade receivables are non-interest bearing.

NOTE 8. LOANS

(₹ in Millions)

Particulars	As at March 31, 2022		
	Amortized cost	At Fair Value Through Other Comprehensive Income *	Total
(A)			
(i) Term Loans	81,082.82	27,997.37	109,080.19
(ii) Non Convertible Debentures - for financing real estate projects	17,168.44	-	17,168.44
(iii) Inter corporate deposit	-	-	-
(iv) Related parties	2.02	-	2.02
(v) Others (Dues from Customers etc)	8,543.05	-	8,543.05
Total (A) - Gross	**106,796.33**	**27,997.37**	**134,793.70**
Less: Impairment loss allowance (including Stage 3 ECL on Principal ₹ 1,601.47 Million and Stage 3 Interest ₹ 397.62 Million)	(5,726.46)	(226.78)	(5,953.24)
Total (A) - Net	**101,069.87**	**27,770.59**	**128,840.46**
(B)			
(i) Secured by tangible assets (refer note 8.1 and 8.2)	85,762.21	27,997.37	113,759.58
(ii) Secured by intangible assets	-	-	-
(iii) Covered by Bank/ Government guarantees	1,025.16	-	1,025.16
(iv) Unsecured	20,008.96	-	20,008.96
Total (B) - Gross	**106,796.33**	**27,997.37**	**134,793.70**
Less: Impairment loss allowance	(5,726.46)	(226.78)	(5,953.24)
Total (B) - Net	**101,069.87**	**27,770.59**	**128,840.46**
(C)			
(I) Loans in India			
(i) Public Sector	-	-	-
(ii) Others	106,796.33	27,997.37	134,793.70
Total (C) (I) - Gross	**106,796.33**	**27,997.37**	**134,793.70**
Less: Impairment loss allowance	(5,726.46)	(226.78)	(5,953.24)
Total (C) (I) - Net	**101,069.87**	**27,770.59**	**128,840.46**
(II) Loans outside India (C) (II)	**-**	**-**	**-**
Total C (I) and C (II)	**101,069.87**	**27,770.59**	**128,840.46**

* Loans classified under Fair Value Through Other Comprehensive Income relate to those available for sale in their present condition.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Particulars	As at March 31, 2021		
	Amortized cost	At Fair Value Through Other Comprehensive Income *	Total
(A)			
(i) Term Loans	94,549.65	29,139.42	123,689.07
(ii) Non Convertible Debentures - for financing real estate projects	22,713.41	-	22,713.41
(iii) Inter corporate deposit (refer note 42.2)	4,842.14	-	4,842.14
(iv) Others (Dues from Customers etc)	13,028.09		13,028.09
Total (A) - Gross	**135,133.29**	**29,139.42**	**164,272.71**
Less: Impairment loss allowance (including Stage 3 ECL on Principal ₹ 2,087.08 Million and Stage 3 Interest ₹ 560.88 Million)	(8,095.05)	(234.67)	(8,329.72)
Total (A) - Net	**127,038.24**	**28,904.75**	**155,942.99**
(B)			-
(i) Secured by tangible assets (refer note 8.1 and 8.2)	112,943.47	25,962.75	138,906.22
(ii) Secured by intangible assets	-	-	-
(iii) Covered by Bank/ Government guarantees	1,478.08	-	1,478.08
(iv) Unsecured	20,711.74	3,176.67	23,888.41
Total (B) - Gross	**135,133.29**	**29,139.42**	**164,272.71**
Less: Impairment loss allowance	(8,095.05)	(234.67)	(8,329.72)
Total (B) - Net	**127,038.24**	**28,904.75**	**155,942.99**
(C)			-
(I) Loans in India			
(i) Public Sector	-	-	-
(ii) Others	135,133.29	29,139.42	164,272.71
Total (C) (I) - Gross	**135,133.29**	**29,139.42**	**164,272.71**
Less: Impairment loss allowance	(8,095.05)	(234.67)	(8,329.72)
Total (C) (I) - Net	**127,038.24**	**28,904.75**	**155,942.99**
(II) Loans outside India (C) (II)	**-**	**-**	**-**
Total C (I) and C (II)	**127,038.24**	**28,904.75**	**155,942.99**

* Loans classified under Fair Value Through Other Comprehensive Income relate to those available for sale in their present condition.

Notes:

8.1 Secured loans are secured by way of equitable mortgage of property, pledge of shares, hypothecation of assets, company personal guarantees, physical gold, undertaking to create security.

8.2 Secured loans include loans aggregating to ₹ 2,003.15 Million (P.Y ₹ 2,664.76 Million) in respect of which the creation of security is under process.

8.3 The Company's assessment of impairment loss allowance on its loans and other assets is subject to a number of management judgements and estimates. In relation to COVID-19, judgements and assumptions included the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. Given the dynamic nature of pandemic situation, the Company's impairment loss allowance estimates are inherently uncertain due to severity and duration of the pandemic and, as a result, actual results may differ from these estimates as on the date of approval of these Standalone Financial Statements.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 9. INVESTMENTS

(₹ in Millions)

Particulars	As at March 31, 2022		
	At Fair Value through Profit and Loss	At Cost	Total
(A)			
Mutual funds	0.04	-	0.04
Alternate investment funds	9,552.17	-	9,552.17
Security receipts	4,453.91	-	4,453.91
Equity instruments:			
in subsidiaries	-	14,103.33	14,103.33
in others	-	-	-
Total – Gross (A)	**14,006.12**	**14,103.33**	**28,109.45**
Less: Impairment loss allowance	(3,620.91)	-	(3,620.91)
Total – Net (A)	**10,385.21**	**14,103.33**	**24,488.54**
(B)			
(i) Investments outside India	-	-	-
(ii) Investments in India	14,006.12	14,103.33	28,109.45
Total – Gross (B)	**14,006.12**	**14,103.33**	**28,109.45**
Less: Impairment loss allowance	(3,620.91)	-	(3,620.91)
Total – Net (B)	**10,385.21**	**14,103.33**	**24,488.54**

(₹ in Millions)

Particulars	As at March 31, 2021		
	At Fair Value through Profit and Loss	At Cost	Total
(A)			
Mutual funds	118.18	-	118.18
Alternate investment funds	71.06	-	71.06
Equity instruments:			
in subsidiaries	-	11,853.33	11,853.33
in others	-	-	-
Total – Gross (A)	**189.24**	**11,853.33**	**12,042.57**
Less: Impairment loss allowance	-	-	-
Total – Net (A)	**189.24**	**11,853.33**	**12,042.57**
(B)			
(i) Investments outside India	-	-	-
(ii) Investments in India	189.24	11,853.33	12,042.57
Total – Gross (B)	**189.24**	**11,853.33**	**12,042.57**
Less: Impairment loss allowance	-	-	-
Total – Net (B)	**189.24**	**11,853.33**	**12,042.57**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 9.1 Investment details script wise

Particulars	As at March 31, 2022			As at March 31, 2021		
	Quantity (in actuals)	Face value per unit (in ₹)	Carrying Value (₹ in Millions)	Quantity (in actuals)	Face value per unit (in ₹)	Carrying Value (₹ in Millions)
Mutual funds			**0.04**			**118.18**
IIFL Focused Equity Fund-Direct Plan-Growth	-	-	-	4,562,418.45	10.00	118.18
Nippon India Mutual Fund ETF Liquid Bees	35.20	1,000.00	0.04			
Alternate investment fund			**9,552.17**			**71.06**
Phi Capital Growth Fund-I	306.78	100,000	100.56	298.40	100,000	43.08
Indiareit Apartment Fund - Class B	20.01	100,000	2.36	22.63	100,000	3.58
IIFL Income Opportunities Fund-Special Situation - Class B	-	-	-	932,923.14	3.9963	2.03
IIFL Income Opportunities Fund-Special Situation - Class S	-	-	-	10,278,484.68	3.9963	22.37
IIFL One Value Fund Series B - Class B	474,523,611.28	10.00	4,895.03	-	-	-
IIFL One Value Fund Series B - Class C	415,940,426.88	10.00	4,459.38	-	-	-
Faering Capital Growth Fund III	15,500.00	1,000.00	15.01	-	-	-
IIFL Securities Capital Enhancer Fund - Class S	3,999,800.01	10.00	40.29	-	-	-
IIFL Securities Capital Enhancer Fund - Class E	1,999.90	10.03	0.02	-	-	-
IIFL One Opportunities FOF - Series 1	3,065,261.70	10.00	39.52	-	-	-
Security Receipts			**4,453.91**			**-**
ACRE - 110 - Trust	3,825,000.00	951.75	3,620.91	-	-	-
Arcil-SBPS-049-I- Trust	833,000.00	1,000	833.00			
Equity instruments (in subsidiaries)			**14,103.33**			**11,853.33**
IIFL Home Finance Limited	20,968,181.00	10.00	8,254.77	20,968,181.00	10.00	8,254.77
IIFL Samasta Finance Limited (formerly Samasta Microfinance Limited)	370,740,413.00	10.00	5,848.56	237,683,022.00	10.00	3,598.56
Total Gross			**28,109.45**			**12,042.57**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 10. OTHER FINANCIAL ASSETS

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
(Unsecured, considered good)		
Security deposits	318.51	259.45
Deposit with Exchange	2.50	2.80
Interest strip asset on assignment	4,558.08	1,423.99
Staff advances	0.48	0.47
Insurance receivable	446.57	472.77
Less: Provision on insurance receivable (refer note 10.1)	(220.09)	(129.26)
Other receivables	23.97	2.75
Other advance	55.73	46.70
(Unsecured, considered doubtful)		
Security deposits	3.20	2.81
Less : Provision on security deposits (refer note 10.2)	(3.20)	(2.81)
Total	**5,185.75**	**2,079.67**

Note 10.1 Provision on Insurance Receivable:

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening	129.26	59.87
Addition	162.19	72.79
Reduction	(71.36)	(3.40)
Closing	**220.09**	**129.26**

Note 10.2 Provisions on Security Deposits:

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening	2.81	4.90
Addition	7.42	4.43
Reduction	(7.03)	(6.52)
Closing	**3.20**	**2.81**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 11. DEFERRED TAX ASSETS AND LIABILITIES

Significant components of deferred tax assets and liabilities

(₹ in Millions)

Particulars	Opening balance (as on April 1, 2021)	Recognized in profit and loss account	Recognized in/ reclassified from OCI	Closing balance (as on March 31, 2022)
Deferred tax assets				
Property, plant and equipment	224.20	27.64	-	251.84
Provisions, allowances for doubtful receivables / loans	1,996.93	(564.31)	-	1,432.62
Compensated absences and retirement benefits	32.39	(1.77)	(2.42)	28.20
Deduction for drovision for doubtful debts	-	55.74	-	55.74
Income amortization (net)	(329.37)	(795.98)	-	(1,125.35)
Expenses deductible in future years	6.07	(1.23)	-	4.84
Carry-forward losses on investments	-	(151.74)	-	(151.74)
MTM on investment and derivative financial instruments	(5.38)	908.93	-	903.55
Cash flow hedge reserve	73.24	-	35.57	108.81
Leases- Ind AS 116	65.52	10.93	-	76.45
Total	**2,063.60**	**(511.79)**	**33.15**	**1,584.97**

(₹ in Millions)

Particulars	Opening balance (as on April 1, 2020)	Recognized in profit and loss account *	Recognized in/ reclassified from OCI	Closing balance (as on March 31, 2021)
Deferred tax assets				
Property, plant and equipment	209.38	14.82	-	224.20
Provisions, allowances for doubtful receivables / loans	1,745.21	251.72	-	1,996.93
Compensated absences and retirement benefits	34.36	0.29	(2.26)	32.39
Income amortization (net)	(149.86)	(179.51)	-	(329.37)
Expenses deductible in future years	4.84	1.23	-	6.07
Carry-forward losses on investments	121.19	(121.19)	-	-
MTM on investment and derivative financial instruments	31.06	(36.44)	-	(5.38)
Cash flow hedge reserve	-	-	73.24	73.24
Leases- Ind AS 116	31.90	33.62	-	65.52
Total	**2,028.08**	**(35.46)**	**70.98**	**2,063.60**

* Includes prior period amount of ₹ 202.94 Million.

NOTE 12. INVESTMENT PROPERTY (AT COST)

(₹ in Millions)

Particulars	Property (Flats)*	Land	Total
Gross carrying value			
As at April 1, 2021	**1,555.53**	**1,121.82**	**2,677.35**
Additions during the year	-	259.69	259.69
Deductions/ adjustments during the year	-	-	-
As at March 31, 2022	**1,555.53**	**1,381.51**	**2,937.04**
Less : Impairment loss allowance	-	(51.91)	(51.91)
Net carrying value as at March 31, 2022	**1,555.53**	**1,329.60**	**2,885.13**
Fair value as on March 31, 2022 (Fair value hierarchy : Level 3)	1,759.42	1,329.60	3,089.02

*Distress value of above flats is ₹ 1,578.97 Million.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Particulars	Property (Flats)*	Land	Total
Gross carrying value			
As at April 1, 2020	**1,555.53**	**1,058.74**	**2,614.27**
Additions during the year	-	63.08	63.08
Deductions/ adjustments during the year	-	-	-
As at March 31, 2021	**1,555.53**	**1,121.82**	**2,677.35**
Less : Impairment loss allowance	-	(37.33)	(37.33)
Net carrying value as at March 31, 2021	**1,555.53**	**1,084.49**	**2,640.02**
Fair value as on March 31, 2021 (Fair value hierarchy : Level 3)	1,710.10	1,084.53	2,794.63

*Distress value of above flats is ₹ 1,596.10 Million.

Note 12.1: Management had acquired possession of these properties in satisfaction of the debts and intends to dispose them in due course, subject to conducive market conditions. These properties have been valued taking into consideration various factors such as location, facilities & amenities, quality of construction, percentage of completion of construction (as for some properties the construction is currently on hold), residual life of building, business potential, supply & demand, local nearby enquiry, market feedback of investigation and ready recknor published by government. These valuations has been performed by an independent registered valuer registered under Rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. The fair values are based on market values, being the estimated amount for which a property could be exchanged in an arm's length transaction. These properties are not depreciated as they have not been put to use.

NOTE 13. PROPERTY, PLANT AND EQUIPMENT

(₹ in Millions)

Particulars	Furniture And Fixtures	Vehicles	Office Equipment	Buildings	Plant & Equipment	Computer	Total
Cost as at April 1, 2021	**808.13**	**11.50**	**75.70**	**359.31**	**274.66**	**284.11**	**1,813.41**
Additions during the year	471.15	-	167.69	-	132.87	149.03	**920.74**
Deductions/ adjustments	(16.42)	-	(1.37)	(113.72)	(9.34)	(39.32)	**(180.17)**
As at March 31, 2022	**1,262.86**	**11.50**	**242.02**	**245.59**	**398.19**	**393.82**	**2,553.98**
Depreciation							
As at April 1, 2021	**365.08**	**9.36**	**46.11**	**84.60**	**135.64**	**217.18**	**857.97**
Depreciation for the year	215.29	1.98	33.07	21.15	81.56	81.16	**434.21**
Deductions/ adjustments	(12.76)	-	(1.19)	(35.17)	(7.24)	(30.08)	**(86.44)**
Up to March 31, 2022	**567.61**	**11.34**	**77.99**	**70.58**	**209.96**	**268.26**	**1,205.74**
Net block as at March 31, 2022	**695.25**	**0.16**	**164.03**	**175.01**	**188.23**	**125.56**	**1,348.24**

(₹ in Millions)

Particulars	Furniture And Fixtures	Vehicles	Office Equipment	Buildings	Plant & Equipment	Computer	Total
Cost as at April 1, 2020	**660.02**	**11.50**	**102.24**	**359.31**	**195.93**	**296.07**	**1,625.07**
Additions during the year	169.12	-	11.00	-	45.77	28.80	**254.69**
Deductions/ adjustments	(21.01)	-	(37.54)	-	32.96	(40.76)	**(66.35)**
As at March 31, 2021	**808.13**	**11.50**	**75.70**	**359.31**	**274.66**	**284.11**	**1,813.41**
Depreciation							
As at April 1, 2020	**244.52**	**7.38**	**50.64**	**63.45**	**84.43**	**162.65**	**613.07**
Depreciation for the year	127.76	1.98	9.74	21.15	49.62	86.84	**297.09**
Deductions/ adjustments	(7.20)	-	(14.27)	-	1.59	(32.31)	**(52.19)**
Up to March 31, 2021	**365.08**	**9.36**	**46.11**	**84.60**	**135.64**	**217.18**	**857.97**
Net block as at March 31, 2021	**443.05**	**2.14**	**29.59**	**274.71**	**139.02**	**66.93**	**955.44**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 14. CAPITAL-WORK-IN PROGRESS (CWIP)

Ageing schedule

(₹ in Millions)

Particulars	As at March 31, 2022				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	51.40	5.04	-	-	**56.44**
Projects temporarily suspended	-	-	-	-	-

(₹ in Millions)

Particulars	As at March 31, 2021				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	62.41	2.26	0.39	0.54	**65.60**
Projects temporarily suspended	-	-	-	-	-

No projects were delayed for completion or had exceeded its cost compared to its original plan.

NOTE 15. LEASES

As a Lessee

a) Changes in the carrying value of right to use assets:

(₹ in Millions)

Particulars	Premises	Vehicle	Total
Opening Balance as at April 1, 2021	**2,789.50**	**4.44**	**2,793.94**
Addition during the year	861.22	-	861.22
Deduction/Adjustment	(60.26)	-	(60.26)
Depreciation during the year	(620.32)	(2.04)	(622.36)
Closing Balance as at March 31, 2022	**2,970.14**	**2.40**	**2,972.54**

(₹ in Millions)

Particulars	Premises	Vehicle	Total
Opening Balance as at April 1, 2020	**2,478.39**	**8.17**	**2,486.56**
Addition during the year	987.79	0.56	988.35
Deduction/Adjustment	(88.17)	(1.12)	(89.29)
Depreciation during the year	(588.51)	(3.17)	(591.68)
Closing Balance as at March 31, 2021	**2,789.50**	**4.44**	**2,793.94**

b) Break up value of the Current and Non - Current Finance Lease Obligations

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Current lease liabilities	680.49	480.76
Non-current lease liabilities	2,595.75	2,573.46
Total	**3,276.24**	**3,054.22**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

c) Movement in Finance Lease Obligations:

(₹ in Millions)

Particulars	Premises	Vehicle	Total
Balance as at April 1, 2021	**3,049.39**	**4.83**	**3,054.22**
Addition during the year	861.21	-	861.21
Deduction/Adjustment	(63.55)	-	(63.55)
Finance cost accrued during the period	285.32	0.35	285.67
Payment of lease liabilities	(858.87)	(2.45)	(861.32)
Closing Balance as at March 31, 2022	**3,273.50**	**2.73**	**3,276.24**

(₹ in Millions)

Particulars	Premises	Vehicle	Total
Balance as at April 1, 2020	**2,604.81**	**8.50**	**2,613.31**
Addition during the year	987.79	0.56	988.35
Deduction/Adjustment	(92.38)	(1.16)	(93.54)
Finance cost accrued during the period	245.27	0.60	245.87
Payment of lease liabilities	(696.10)	(3.67)	(699.77)
Closing Balance as at March 31, 2021	**3,049.39**	**4.83**	**3,054.22**

d) Details regarding the contractual maturities of finance lease obligation on an undiscounted basis:

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Less than one year	917.19	712.31
One to two years	816.55	697.95
Two to five years	1,603.41	1,548.28
More than five years	844.40	1,121.78
Total	**4,181.55**	**4,080.32**

e) Rental expense recorded for short-term leases was ₹ 24.64 Million (P.Y ₹ 7.84 Million)

f) Amounts recognized in profit or loss

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Interest on lease liabilities	285.67	245.87
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	2.93	2.84
Depreciation for the year	622.36	591.68
Total	**910.96**	**840.39**

g) Amounts recognized in the statement of cash flows

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Total cash outflow for leases	861.32	699.77

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 16. OTHER INTANGIBLE ASSETS

(₹ in Millions)

Particulars	Software
Cost or valuation as at April 1, 2021	**62.08**
Additions during the year	17.69
Deductions /Adjustments	-
As at March 31, 2022	**79.77**
Amortization	
As at April 1, 2021	**52.93**
Amortization during the year	7.68
Up to March 31, 2022	**60.61**
Net block as at March 31, 2022	**19.16**

(₹ in Millions)

Particulars	Software
Cost or valuation as at April 1, 2020	**39.24**
Additions during the year	22.84
Deductions /Adjustments	-
As at March 31, 2021	**62.08**
Amortizations	
As at April 1, 2020	**32.85**
Amortization during the year	20.08
Up to March 31, 2021	**52.93**
Net block as at March 31, 2021	**9.15**

NOTE 17. OTHER NON-FINANCIAL ASSETS

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Prepaid expenses	477.50	109.73
Receivable from securitization trust	2,364.98	2,312.07
Advances for operational expenses*	410.74	501.04
Deposits with government	19.71	18.92
GST input	51.99	159.43
Advance towards gratuity (refer note 33.2)	10.75	2.35
Other assets	1.48	1.36
Total	**3,337.15**	**3,104.90**

* Includes foreign currency payments amounting to ₹ 90.70 Million (P.Y ₹ 90.70 Million)

NOTE 18. ASSETS HELD FOR SALE

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Assets held for sale	78.44	-

Assets held for sale is towards a Company owned property which it intends to sell in the near future.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 19. PAYABLES

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
(I) Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises (Refer note 19.1)	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		
Outstanding dues of creditors	166.13	115.28
Accrued salaries and benefits	23.20	22.55
Provision for expenses	613.90	518.79
Other trade payables *	58.44	7.60
Total	**861.67**	**664.22**
(II) Other payables		
(i) Total outstanding dues of micro enterprises and small enterprises (Refer note 19.1)	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	99.06	-
Total	**99.06**	**-**

* Including payable to Group /Subsidiaries Company (refer note 42.2)

Note 19.1 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006

The following disclosure is made as per the requirement under The Micro, Small and Medium Enterprises Development Act, 2016 ("MSMED Act") on the basis of confirmations sought from suppliers on registration with the specified authorities under MSMED Act:

(₹ in Millions)

Particulars	2021-2022	2020-2021
(a) Principal amount remaining unpaid to any supplier at the year end	-	-
(b) Interest due thereon remaining unpaid to any supplier at the year end	-	-
(c) Amount of interest paid and payments made to the supplier beyond the appointed day during the year	-	-
(d) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	-	-
(e) Amount of interest accrued and remaining unpaid at the year end	-	-
(f) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act	-	-

The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the MSMED Act. This has been relied upon by the auditors.

Note 19.2 Trade Payables Ageing Schedule

(₹ in Millions)

Particulars As at March 31, 2022	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-
(ii) Others	851.44	0.25	0.15	9.83	**861.67**
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
Total	**851.44**	**0.25**	**0.15**	**9.83**	**861.67**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
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(₹ in Millions)

Particulars As at March 31, 2021	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-
(ii) Others	651.14	5.11	0.29	7.68	**664.22**
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
Total	**651.14**	**5.11**	**0.29**	**7.68**	**664.22**

NOTE 20. DEBT SECURITIES

(₹ in Millions)

Particulars	At Amortized Cost	
	As at March 31, 2022	As at March 31, 2021
(i) Non Convertible Debentures* (refer note 20.1) - Secured	49,483.57	51,809.28
Less : Unamortized debenture issue expenses	(266.61)	(266.23)
Less : Unexpired discount on NCD	(15.70)	(36.29)
(ii) Interest accrued but not due	1,851.57	1,939.97
Total (A)	**51,052.83**	**53,446.73**
Debt securities in India	25,845.54	24,698.91
Debt securities outside India	25,207.29	28,747.82
Total (B)	**51,052.83**	**53,446.73**

* The Non Convertible Debentures are secured by way of first pari-passu charge on immovable property, current assets, book debts, loans and advances including receivables other than those specifically charged.

Note 20.1 - Terms of repayment

Particulars	As at March 31, 2022		As at March 31, 2021	
	Rate of Interest / Yield	Amount (₹ in Millions)	Rate of Interest / Yield	Amount (₹ in Millions)
Non Convertible Debentures (Secured)				
Fixed:		**46,153.71**		**49,573.63**
More than 5 years	8.33 % -8.60%	5,700.00	-	-
3-5 Years	8.42 % -8.75%	2,833.34	-	-
1-3 Years	8.00% - 11.03%	32,372.38	8.00% - 11.09%	37,196.83
Less than 1 year	8.00% - 9.85%	5,247.99	7.70% - 10.20%	12,376.80
Zero Coupon:		**3,329.86**		**2,235.65**
3-5 Years	8.75%	293.09	-	-
1-3 Years	8.00% -8.50%	2,287.35	9.5% - 9.85%	805.53
Less than 1 year	9.50 % - 9.85%	749.42	8.75% - 9.50%	1,430.12
Total		**49,483.57**		**51,809.28**

Note 20.2 - Non Convertible Debentures - Secured - Instrument Wise Details

(₹ in Millions)

Description of security	Coupon/ Yield	As at March 31, 2022	As at March 31, 2021
9.50% Secured Rated Listed Redeemable Non Convertible Debentures. Series I. Maturity Date - 07/05/2022	9.50%	2,605.00	2,605.00
9.60% Secured Rated Listed Redeemable Non Convertible Debentures. Series I. Maturity Date - 07/05/2022	9.60%	366.92	364.44
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series II - Category II,III & IV. Maturity Date - 07/05/2022	9.60%	422.42	437.10
8.00% Secured Rated Listed Redeemable Senior Non Convertible Debentures. Series D10. Date Of Maturity 17/05/2022	8.00%	1,000.00	1,000.00
8.00% Secured Rated Listed Redeemable Non Convertible Debentures. Series D11. Date Of Maturity 26/05/2022	8.00%	250.00	250.00
Market Linked Secured Rated Listed Redeemable Non-Convertible Debentures. Series D3 Option II. Date Of Maturity 27/09/2022	9.50%	219.30	254.50
9.50% Secured Rated Listed Redeemable Non-Convertible Debentures. Series II. Date Of Maturity 06/12/2022	9.50%	331.65	343.16

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(₹ in Millions)

Description of security	Coupon/ Yield	As at March 31, 2022	As at March 31, 2021
Secured Rated Listed Redeemable Non-Convertible Debentures. Series III. Date Of Maturity 06/12/2022	9.85%	107.69	113.93
9.85% Secured Rated Listed Redeemable Non-Convertible Debentures. Series IV. Date Of Maturity 06/12/2022	9.85%	644.42	646.96
9.85% Secured Rated Listed Redeemable Non Convertible Debenture Series D4. Date Of Maturity 17/01/2023	9.85%	50.00	50.00
5.875% Secured Medium Term Note. Date of Maturity- 20/04/2023 *	11.03% (P. Y 11.09%)	24,534.03	28,074.23
9.00% Secured Rated Listed Redeemable Non Convertible Debentures. Series D5. Date Of Maturity 08/05/2023	9.00%	1,000.00	1,000.00
8.25% Secured Rated Annual Listed Redeemable Non Convertible Debentures. Series I. Date Of Maturity 14/10/2023	8.25%	3,075.30	-
Zero Coupon Secured Rated Cummulative Listed Redeemable Non Convertible Debentures. Series II Date Of Maturity 14/10/2023	8.25%	714.25	-
9.75% Secured Rated Listed Redeemable Non Convertible Debentures. Series III. Maturity Date - 07/02/2024	9.75%	1,704.24	1,729.16
10.20% Secured Rated Listed Redeemable Non Convertible Debentures. Series IV. Maturity Date - 07/02/2024	10.20%	1,118.01	1,133.88
Gsec Linked Secured Rated Listed Redeemable Non Convertible Debentures. Series D14. Date Of Maturity 07/09/2024	8.00%	1,000.00	-
8.50% Secured Rated Annual Listed Redeemable Non Convertible Debentures. Series III. Date Of Maturity 14/10/2024	8.50%	940.80	-
Zero Coupon Secured Ratedcummulative Listed Redeemable Non Convertible Debentures. Series IV. Date Of Maturity 14/10/2024	8.50%	573.10	-
8.42% Secured Rated Monthly Listed Redeemable Senior Non Convertible Debentures. Series V. Date Of Maturity 14/10/2026	8.42%	1,472.51	-
8.75% Secured Rated Annually Listed Redeemable Senior Non Convertible Debentures. Series VI. Date Of Maturity 14/10/2026	8.75%	1,360.83	-
Zero Coupon Secured Rated Cummulative Listed Redeemable Non Convertible Debentures. Series VII. Date Of Maturity 14/10/2026	8.75%	293.10	-
8.33% Secured Rated Listed Redeemable Non Convertible Debentures. Series D13. Date Of Maturity 30/06/2031	8.33%	5,000.00	-
8.50% Secured Rated Listed Non Convertible Debentures. Series D15. Date Of Maturity 21/01/2032	8.50%	100.00	-
8.60% Secured Rated Listed Redeemable Non Convertible Debentures. Series D16 Option A. Date Of Maturity 24/03/2032	8.60%	600.00	-
8.00% Secured Redeemable Non-Convertible Debentures. Series C6. Date of Maturity 29/04/2021	8.00%	-	2,500.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series C8. Date of Maturity 30/04/2021	8.75%	-	100.00
Zero Coupon Secured Listed Rated Redeemable Non Convertible Debentures. Series C10. Date of Maturity 25/05/2021	9.25%	-	260.00
Zero Coupon Secured Non Convertible Debentures - Nifty 50 Index MLD 2021. D3 Option I. Date of Maturity- 27/09/2021	9.50%	-	1,070.12
10.20% Secured Redeemable Non Convertible Debentures. Date of Maturity 03/11/2021	10.20%	-	2,875.00
8.00% 10 Year G-SEC Rate Linked Secured Rated Listed Redeemable Non Convertible Debenture Series D8. Date of maturity 01/12/2021	8.00%	-	751.80
8.00% Secured Rated Listed Redeemable Non Convertible Debenture Series D6. Date of Maturity 07/01/2022	8.00%	-	2,000.00
8.00% Secured Rated Listed Redeemable Non Convertible Debenture Series D7. Date of maturity 18/02/2022	8.00%	-	1,000.00
7.70% Secured Rated Listed Redeemable Senior Non Convertible Debenture Series D12. Date of maturity 24/03/2022	7.70%	-	1,000.00
8.00% Secured Rated Listed Redeemable Senior Non Convertible Debenture Series D9. Date of maturity 30/03/2022	8.00%	-	2,250.00
Total		**49,483.57**	**51,809.28**

* Includes hedging cost

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 21. BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in Millions)

Particulars	At Amortized Cost	
	As at March 31, 2022	As at March 31, 2021
(A)		
(a) Term loan (refer note 21.1)		
(i) From banks and financial institution (refer note (a) and (b))	67,313.64	40,542.59
(ii) From others (refer note c)	7,579.25	7,311.00
Less : Prepaid expenses	(290.14)	(255.64)
(b) Other loans (refer note 21.2)		
(i) Cash credit / overdraft (refer note a)	3,200.94	5,433.07
(ii) Securitization liability	19,892.16	39,138.16
Less : Prepaid expenses	(117.92)	(104.09)
(c) Interest accrued but not due	132.75	114.74
Total (A)	**97,710.68**	**92,179.83**
(B)		
Borrowings in India	86,326.43	84,872.52
Borrowings outside India (refer note b)	11,384.25	7,307.31
Total (B)	**97,710.68**	**92,179.83**

Notes:

(a) These loans are secured by way of a first pari-passu charge over the current assets in the form of receivables, book debts, bills, outstanding monies receivables including future movable assets, other than those specifically charged.

(b) During the year ended March 31, 2022, the Company had borrowed ₹ 3,792.50 Million (equivalent to US$ 50 Million) under the External Commercial Borrowings towards refinancing of existing outstanding Medium Term Notes. These are secured by way of all rights, titles, interest, benefits, claims and demands, whatsoever of the Company in, to and in respect of, all present and future, receivables/assets, including Company's accounts, operating cash flows, current assets, book debts, stock in trade, loans and advances and receivables, both present and future to the extent of complying with the Security Coverage Ratio.

(c) These loans are secured by way of first paripassu charge by way of hypothecation on the standard receivables of the company with asset cover of 1.20 times of the sanction amount.

NOTE 21. 1 - Terms of repayment of term loans

Residual Maturity	As at March 31, 2022		As at March 31, 2021	
	Rate of Interest/ Yield	Amount (₹ in Millions)	Rate of Interest/ Yield	Amount (₹ in Millions)
(i) From Banks and Financial Institution				
Floating:*		**49,113.64**		**40,542.59**
3 - 5 Years	7.95% - 9.00%	5,880.53	8.50% - 10.30%	8,377.39
1 - 3 Years	7.70% - 9.80%	26,796.07	8.50% - 10.30%	19,445.30
Less than 1 year	7.70% - 9.80%	16,437.04	6.21% - 10.30%	12,719.90
Fixed:		**18,200.00**		**-**
3 - 5 Years	8.45% - 9.75%	3,577.90	-	-
1 - 3 Years	8.00% - 9.75%	9,818.80	-	-
Less than 1 year	8.00% - 9.75%	4,803.30	-	-
(ii) From Others				
Floating:**		**7,579.25**		**7,311.00**
3 - 5 Years	-	-	8.62%	7,311.00
1 - 3 Years	8.62%	7,579.25	-	-
Total		**74,892.89**		**47,853.59**

* The rate of interest for the above term loans from banks is linked to marginal cost of funds based lending rate / treasury bills plus applicable spread. The above categorization of loans has been based on the interest rates prevalent as on the respective reporting dates.

** The rate of interest for the above loan is linked to the benchmark plus appropriate spread.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 21. 2 - Terms of repayment of other loans

Residual Maturity	As at March 31, 2022		As at March 31, 2021	
	Rate of Interest / Yield	Amount (₹ in Millions)	Rate of Interest / Yield	Amount (₹ in Millions)
Floating:				
Cash credit / overdraft : Less than 1 year ***	7.60% - 8.45%	3,200.94	3.75% - 10.50%	5,433.07
Securitization liability				
Fixed:		**19,892.16**		**33,031.36**
3- 5 Years	-	-	10.00%	713.81
1-3 Years	7.25% - 7.95%	19,452.46	7.50% - 10.10%	28,430.53
Less than 1 year	9.75% - 10.00%	439.70	7.72%	3,887.02
Project IRR		**-**		**6,106.80**
Less than 1 year	-	-	20.23% - 20.89%	6,106.80
Total		**23,093.10**		**44,571.23**

***The rate of interest for the above loans is linked to marginal cost of funds based lending rate / fixed deposits plus applicable spread. The above categorization of loans has been based on the interest rates prevalent as on the respective reporting dates.

NOTE 22. SUBORDINATED LIABILITIES

(₹ in Millions)

Particulars	At Amortized Cost	
	As at March 31, 2022	As at March 31, 2021
(A)		
(i) Non Convertible Debentures (Unsecured) (refer note 22.1)	13,267.81	16,407.52
Less: Unamortized debenture issue expenses	(220.39)	(295.05)
(ii) Interest accrued but not due	648.98	1,261.51
Total (A)	**13,696.40**	**17,373.98**
(B)		
Subordinated liabilities in India	10,225.54	13,905.34
Subordinated liabilities outside India	3,470.86	3,468.64
Total (B)	**13,696.40**	**17,373.98**

NOTE 22. 1 - Terms of Repayment

Residual Maturity	As at March 31, 2022		As at March 31, 2021	
	Rate of Interest/ Yield	Amount (₹ in Millions)	Rate of Interest/ Yield	Amount (₹ in Millions)
Non Convertible Debenture (Unsecured)				
Fixed		**12,028.54**		**11,878.54**
More than 5 years	8.70 % - 10.50%	11,239.29	8.70% - 10.50%	10,739.29
3- 5 Years	10.00%	259.25	10.00%	259.25
1-3 Years	12.10%	100.00	12.10% - 12.20%	530.00
Less than 1 year	12.15% -12.20%	430.00	10.50% - 10.75%	350.00
Zero Coupon		**1,239.27**		**4,528.98**
More than 5 years	9.35 % - 10.03%	1,181.44	9.35% - 10.03%	1,181.44
3- 5 Years	10.50%	57.83	10.50%	57.83
Less than 1 year	-	-	9.00%	3,289.71
Total		**13,267.81**		**16,407.52**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 22.2 - Non Convertible Debentures - Unsecured - Instrument Wise Details

(₹ in Millions)

Description of security	Coupon/ Yield	As at March 31, 2022	As at March 31, 2021
12.15% Unsecured Redeemable Non-Convertible Debenture. Date Of Maturity 30/08/2022	12.15%	200.00	200.00
12.20% Unsecured Redeemable Subordinated Taxable Non Convertible Debentures. Date Of Maturity 04/11/2022	12.20%	230.00	230.00
12.10% Unsecured Redeemable Non Convertible Debentures. Series 1.Date Of Maturity 24/05/2023	12.10%	100.00	100.00
10.00% Unsecured Rated Listed Redeemable Non-Convertible Debenture. Series V. Date Of Maturity 06/06/2025.	10.00%	259.25	259.25
Unsecured Rated Listed Redeemable Non-Convertible Debenture. Series VI. Date Of Maturity 06/06/2025	10.50%	57.83	57.83
8.70% Unsecured Listed Redeemable Subordinated Non Convertible Debentures. Series U03. Date Of Maturity 19/11/2027	8.70%	1,000.00	1,000.00
10.00% Unsecured Rated Listed Redeemable Non Convertible Debenture.Series I . Date Of Maturity 24/06/2028	10.00%	2,746.92	2,746.92
9.60% Unsecured Rated Listed Redeemable Non Convertible Debenture.Series II . Date Of Maturity 24/06/2028	9.60%	3,280.23	3,280.24
Zero Coupon Unsecured Rated Listed Redeemable Non Convertible Debenture.Series III . Date Of Maturity 24/06/2028	10.03%	681.44	681.44
9.00% India Infoline (Regs) 18-2028_Rupee Denominated Bond. Date of Maturity 28/06/2028	9.00%	3,250.00	3,250.00
Unsecured Rated Listed Redeemable Non Convertible Subordinated Debentures IIFL MLD-2028. Series U04. Date Of Maturity 25/08/2028	9.35%	500.00	500.00
10.00% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series V. Maturity Date - 07/02/2029	10.00%	307.65	307.65
10.50% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series VI. Maturity Date - 26/02/2029	10.50%	154.48	154.48
9.35% Unsecured Rated Listed Subordinated Redeemable Non Convertible Debenture. Series D16 Option B. Date Of Maturity 24/03/2032	9.35%	500.00	-
10.75% Unsecured Redeemable Non Convertible Debentures. Series U01. Date of Maturity 10/09/2021	10.75%	-	200.00
10.50% Unsecured Redeemable Non Convertible Debentures. Series U02. Date of Maturity 16/09/2021	10.50%	-	150.00
Zero Coupon Unsecured Redeemable Non Convertible Debentures. G-Sec Linked Unsecured Rated Listed Redeemable Non Convertible Debentures. Series G1. Date Of Maturity 21/10/2021	9.00%	-	1,130.09
Zero Coupon Unsecured Redeemable Non Convertible Debentures. G-Sec Linked Unsecured Rated Listed Redeemable Non Convertible Debentures. Series G2. Date Of Maturity 22/11/2021	9.00%	-	2,159.62
Total		**13,267.80**	**16,407.52**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 23. OTHER FINANCIAL LIABILITIES

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Payable on account of assignment/securitization	17,475.45	14,454.01
Temporary overdrawn bank balances	3.80	128.15
Payables towards NCD	22.20	26.87
Unpaid dividends	5.19	5.52
Other payables (auction proceeds, retention payable, etc.) (refer note 23.1)	338.28	240.18
Total	**17,844.92**	**14,854.73**

Note 23.1 During the year, ₹ 4.11 Million (P.Y ₹ 3.20 Million) was transferred to Investor Education and Protection Fund. ₹ 0.66 Million was pending to be transferred as on March 31, 2021 and was transferred within 30 days of becoming due.

NOTE 24. PROVISIONS

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits	228.27	196.30
Provision for leave encashment	95.57	82.93
ECL provision on sanctioned undisbursed loans	90.00	36.40
Total	**413.84**	**315.63**

NOTE 25. OTHER NON-FINANCIAL LIABILITIES

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Income received in advance	0.36	28.22
Advances from customers	267.20	491.37
Statutory remittances	191.39	118.87
Total	**458.95**	**638.46**

NOTE 26: EQUITY SHARE CAPITAL

(i) Authorized, Issued, Subscribed and Paid-up Share Capital

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Authorized Share Capital		
2,355,250,000 Equity Shares (P.Y 2,355,250,000) of ₹ 2 each	4,710.50	4,710.50
500,000,000 Preference Shares (P.Y 500,000,000) of ₹ 10 each	5,000.00	5,000.00
Total	**9,710.50**	**9,710.50**
Issued, Subscribed and Paid-up Share Capital		
379,598,711 Equity Shares (P.Y 378,840,676) of ₹ 2 each fully paid with voting rights	759.20	757.68
Total	**759.20**	**757.68**

(ii) Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	₹ in Millions	No. of Shares	₹ in Millions
Equity Shares				
At the beginning of the year	378,840,676	757.68	378,340,922	756.68
Add: Shares issued during the year	758,035	1.52	499,754	1.00
Outstanding at the end of the year	**379,598,711**	**759.20**	**378,840,676**	**757.68**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
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(iii) Rights attached to equity shares

The Company has issued only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. During the year ended March 31, 2022, equity shareholders were paid an interim dividend of ₹ 3.50/- (P.Y ₹ 3.00/-) per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. However, no such preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iv) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	% Holdings	No. of Shares	% Holdings
Equity shares of ₹ 2 each fully paid up				
FIH Mauritius Investments Limited	84,641,445	22.30%	84,641,445	22.34%
CDC Group PLC	29,501,587	7.77%	58,501,587	15.44%
Nirmal Bhanwarlal Jain	47,719,154	12.57%	47,719,154	12.60%
HWIC Asia Fund Class A shares	-	0.00%	28,362,530	7.49%
Smallcap World Fund, Inc	19,671,937	5.18%	-	0.00%
Parajia Bharat Himatlal	20,388,602	5.37%	19,695,000	5.20%

(v) Details of Shareholding of Promoters

Name of the promoter	As at March 31, 2022		
	No. of Shares	% of total shares	% Change during the year*
Nirmal Bhanwarlal Jain	47,719,154	12.57%	-0.03%
Madhu N Jain	12,075,000	3.18%	-0.01%
Venkataraman Rajamani	10,984,432	2.89%	-0.01%
Harshita Jain and Mansukhlal Jain (in their capacity as Trustees of Nirmal Madhu Family Private Trust)	10,000,000	2.63%	-0.01%
Aditi Avinash Athavankar (in her capacity as Trustee of Kalki Family Private Trust)	9,000,000	2.37%	-0.01%
Aditi Athavankar	200,000	0.05%	0.00%
Ardent Impex Private Limited	3,268,904	0.86%	0.00%
Orpheus Trading Private Limited	1,300,000	0.34%	0.00%
Total	**94,547,490**	**24.91%**	

* The change in percentage is due to dilution of Share Capital.

Name of the promoter	As at March 31, 2021		
	No. of Shares	% of total shares	% Change during the year
Nirmal Bhanwarlal Jain	47,719,154	12.60 %	0.11%
Madhu N Jain	12,075,000	3.19%	Nil
Venkataraman Rajamani	10,984,432	2.90%	Nil
Harshita Jain and Mansukhlal Jain (in their capacity as Trustees of Nirmal Madhu Family Private Trust)	10,000,000	2.64%	Nil
Aditi Avinash Athavankar (in her capacity as Trustee of Kalki Family Private Trust)	9,000,000	2.38%	Nil
Aditi Athavankar	200,000	0.05 %	Nil
Ardent Impex Private Limited	3,268,904	0.86%	-0.07%
Orpheus Trading Private Limited	1,300,000	0.34%	Nil
Total	**94,547,490**	**24.96%**	

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(vi) During the period of five years immediately preceding the Balance Sheet date, the Company has not issued any shares without payment being received in cash or by way of bonus shares or shares bought back except for 58,654,556 equity shares alloted on account of merger during the year ended March 31, 2020.

(vii) Shares reserved for issue under options and contracts/ commitments for sale of shares/ disinvestments, including the terms and amount: Refer note 40 for details of shares reserved for issue under Employee Stock Option Plan of the Company.

NOTE 26.1: OTHER EQUITY

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Share Application Money	-	-
Capital Reserve	**838.85**	**838.85**
Securities Premium Reserve		
Opening Balance	18,401.57	18,344.36
Add: Share issue expenses	(83.40)	-
Add: Addition during the year	84.52	44.59
Add/(Less): Transfer to/ (from) reserves	47.57	12.62
Closing Balance	**18,450.26**	**18,401.57**
General Reserve		
Opening Balance	5,092.87	5,086.05
Add/(Less): Transfer to/ (from) reserves	0.65	6.82
Closing Balance	**5,093.52**	**5,092.87**
Special Reserve Pursuant to Section 45 IC of Reserve Bank of India Act, 1934		
Opening Balance	5,941.91	5,255.11
Add/(Less): Transfer to/ (from) reserves	1,952.30	686.80
Closing Balance	**7,894.21**	**5,941.91**
Capital Redemption Reserve	**2,301.11**	**2,301.11**
Debenture Redemption Reserve	**128.04**	**128.04**
Retained Earnings		
Opening Balance	4,811.71	3,208.15
Add: Profit for the year	7,454.84	3,425.77
Less: Interim dividend	(1,328.21)	(1,135.41)
Add/(Less): Transfer to/ (from) reserves	(1,952.30)	(686.80)
Closing Balance	**8,986.04**	**4,811.71**
Stock Compensation Reserve		
Opening Balance	159.06	174.14
Add: Addition during the year	30.98	4.36
Add/(Less): Transfer to/ (from) reserves	(48.22)	(19.44)
Closing Balance	**141.82**	**159.06**
Effective portion of Cash Flow Hedges		
Opening Balance	(217.80)	-
Add: Other comprehensive income/ (loss)	(105.75)	(217.80)
Closing Balance	**(323.55)**	**(217.80)**
Remeasurements of defined benefit		
Opening Balance	(7.68)	(14.41)
Add: Other comprehensive income/ (loss)	7.20	6.73
Closing Balance	(0.48)	(7.68)
Total	**43,509.82**	**37,449.64**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 27.1 INTEREST INCOME

(₹ in Millions)

Particulars	FY 2021-22				FY 2020-21			
	On financial assets measured at amortized cost	On financial assets classified at fair value through profit or loss	On financial assets classified at fair value through OCI	Total	On financial assets measured at amortized cost	On financial assets classified at fair value through profit or loss	On financial assets classified at fair value through OCI	Total
Interest on loans	29,210.72	-	4,734.47	33,945.19	24,249.29	-	5,507.96	29,757.25
Interest on investments	-	696.17	-	696.17	-	157.50	-	157.50
Interest on deposits with banks	601.82	-	-	601.82	530.90	-	-	530.90
Interest on inter corporate deposit	394.93	-	-	394.93	258.26	-	-	258.26
Total	**30,207.47**	**696.17**	**4,734.47**	**35,638.11**	**25,038.45**	**157.50**	**5,507.96**	**30,703.91**

NOTE 27.2 DIVIDEND INCOME

The Company received dividend income amounting to ₹ 629.05 Million (P.Y ₹ 701.88 Million), includes dividend received from subsidiary company ₹ 629.05 Million (P.Y ₹ 643.05 Million)

NOTE 28. NET GAIN / (LOSS) ON FAIR VALUE CHANGES

(₹ in Millions)

Particulars	FY 2021-22	FY 2020-21
Net gain / (loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	720.32	1,553.43
Total net gain/(loss) on fair value changes	**720.32**	**1,553.43**
Fair value changes		
- Realised	721.61	1,513.18
- Unrealised	(1.29)	40.25
Total net gain/(loss) on fair value changes	**720.32**	**1,553.43**

NOTE 29. OTHER INCOME

(₹ in Millions)

Particulars	FY 2021-22	FY 2020-21
Rent Income	-	26.62
Profit on sale of fixed assets	3.59	2.92
Gain/(loss) on cancellation of forwards, swaps and options	-	174.98
Miscellaneous income	265.85	184.85
Total	**269.44**	**389.37**

NOTE 30. FINANCE COSTS

(₹ in Millions)

Particulars	On Financial liabilities measured at Amortized Cost	
	FY 2021-22	FY 2020-21
Interest on debt securities*	6,238.55	5,803.90
Interest on borrowings other than debt securities*	7,618.16	7,301.57
Interest on subordinated liabilites*	1,408.86	1,313.48
Interest on inter corporate deposit	90.07	466.16
Interest expense on lease - INDAS 116	285.67	245.87
Other borrowing cost *	514.76	418.77
Total	**16,156.07**	**15,549.75**

* Includes foreign currency expenses incurred amounting to ₹ 2,515.44 Million (P.Y ₹ 2,014.39 Million)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 31. NET (GAIN)/ LOSS ON DERECOGNITION OF FINANCIAL INSTRUMENTS UNDER AMORTIZED COST CATEGORY

(₹ in Millions)

Particulars	FY 2021-22	FY 2020-21
(i) Net gain on derecognition of financial instruments under amortized cost category		
Interest strip on assignment of loans	(3,134.09)	(651.15)
(ii) Net loss on derecognition of financial instruments under amortized cost category		
Bad debts written off (net)	7,238.32	5,686.45
Total	**4,104.23**	**5,035.30**

NOTE 32. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in Millions)

Particulars	FY 2021-22			FY 2020-21		
	On financial assets measured at amortized cost	On financial assets classified at fair value through OCI	Total	On financial assets measured at amortized cost	On financial assets classified at fair value through OCI	Total
Loans (refer note 8.3)	(2,151.70)	(7.90)	(2,159.60)	1,721.99	(30.89)	1,691.10
Other financial assets	(83.24)	-	(83.24)	289.58	-	289.58
Total	**(2,234.94)**	**(7.90)**	**(2,242.84)**	**2,011.57**	**(30.89)**	**1,980.68**

NOTE 33. EMPLOYEE BENEFIT EXPENSES

(₹ in Millions)

Particulars	FY 2021-22	FY 2020-21
Salaries	4,638.52	3,621.17
Contribution to provident and other funds (refer note 33.1)	301.86	236.75
Leave encashment	34.43	43.44
Gratuity (refer note 33.2)	32.93	34.97
Staff welfare expenses*	171.82	117.30
Share based payments	19.48	17.51
Total	**5,199.04**	**4,071.14**

* Includes foreign currency expenses incurred amounting to ₹ 0.05 Million (P.Y Nil)

33.1 DEFINED CONTRIBUTION PLANS

The Company has recognized the following amounts as an expense and included in the Employee benefit expenses

(₹ in Millions)

Particulars	FY 2021-22	FY 2020-21
Contribution to Provident fund	154.79	122.42
Contribution to Employee State Insurance Corporation	35.20	32.18
Contribution to Labour welfare fund	0.81	0.57
Company contribution to employee pension scheme	109.10	78.79
Contribution to National Pension Scheme	1.96	2.79
Total	**301.86**	**236.75**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

33.2 GRATUITY DISCLOSURE STATEMENT

(₹ in Millions)

Particulars	FY 2021-22	FY 2020-21
Type of benefit	Gratuity	Gratuity
Country	India	India
Reporting currency	INR	INR
Reporting standard	Indian Accounting Standard 19 (Ind AS 19)	Indian Accounting Standard 19 (Ind AS 19)
Funding status	Funded	Funded
Starting period	1-Apr-21	1-Apr-20
Date of reporting	31-Mar-22	31-Mar-21
Period of reporting	12 Months	12 Months

Assumptions (current year)		
Expected return on plan assets	6.96%	6.44%
Rate of discounting	6.96%	6.44%
Rate of salary increase	6.00%	6.00%
Rate of employee turnover	For service 4 years and below 28.00% p.a. For service 5 years and above 2.00% p.a.	For service 4 years and below 28% p.a. & thereafter 2% p.a.
Mortality rate during employment	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality (2006-08)
Mortality rate after employment	N.A.	N.A.

(₹ in Millions)

Table showing change in the present value of projected benefit obligation	FY 2021-22	FY 2020-21
Present value of benefit obligation at the beginning of the year	157.35	145.72
Interest cost	10.13	8.80
Current service cost	33.08	33.48
Past service cost	-	-
Liability transferred in/ acquisitions	2.04	5.32
(Liability transferred out/ divestments)	(2.44)	(9.55)
(Gains)/ losses on curtailment	-	-
(Liabilities extinguished on settlement)	-	-
(Benefit paid directly by the employer)	(0.03)	(8.21)
(Benefit paid from the fund)	(23.13)	(10.23)
The effect of changes in foreign exchange rates	-	-
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	(0.08)	(2.15)
Actuarial (gains)/losses on obligations - due to change in financial assumptions	(14.61)	(10.11)
Actuarial (gains)/losses on obligations - due to experience	4.75	4.28
Present value of benefit obligation at the end of the year	167.06	157.35

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Table showing change in the Fair Value of Plan Assets	FY 2021-22	FY 2020-21
Fair value of plan assets at the beginning of the year	159.70	121.01
Interest income	10.29	7.31
Contributions by the employer	31.29	40.60
Expected contributions by the employees	-	-
Assets transferred in/acquisitions	-	-
(Assets transferred out/divestments)	-	-
(Benefit paid from the fund)	(23.13)	(10.23)
(Assets distributed on settlements)	-	-
Effects of asset ceiling	-	-
The effect of changes in foreign exchange rates	-	-
Return on plan assets, excluding interest income	(0.34)	1.01
Fair value of plan assets at the end of the year	177.81	159.70

(₹ in Millions)

Amount recognized in the Balance Sheet	FY 2021-22	FY 2020-21
(Present value of benefit obligation at the end of the year)	(167.06)	(157.35)
Fair value of plan assets at the end of the year	177.81	159.70
Funded status (surplus/(deficit))	10.75	2.35
Net (liability)/asset recognized in the Balance Sheet	10.75	2.35

(₹ in Millions)

Net interest cost for current year	FY 2021-22	FY 2020-21
Present value of benefit obligation at the beginning of the year	157.35	145.72
(Fair value of plan assets at the beginning of the year)	(159.70)	(121.01)
Net liability/(asset) at the beginning	(2.35)	24.71
Interest cost	10.13	8.80
(Interest income)	(10.29)	(7.31)
Net interest cost for current year	(0.16)	1.49

(₹ in Millions)

Expenses recognized in the Statement of Profit or Loss for current year	FY 2021-22	FY 2020-21
Current service cost	33.08	33.48
Net interest cost	(0.16)	1.49
Past service cost	-	-
(Expected contributions by the employees)	-	-
(Gains)/losses on curtailments and settlements	-	-
Net effect of changes in foreign exchange rates	-	-
Expenses recognized	32.92	34.97

(₹ in Millions)

Expenses recognized in OCI for current year	FY 2021-22	FY 2020-21
Actuarial (gains)/losses on obligation for the year	(9.94)	(7.97)
Return on plan assets, excluding interest income	0.34	(1.02)
Change in asset ceiling	-	-
Net (income)/expense for the year recognized in OCI	(9.60)	(8.99)

(₹ in Millions)

Balance Sheet reconciliation	FY 2021-22	FY 2020-21
Opening net liability	(2.35)	24.71
Expenses recognized in Statement of Profit or Loss	32.93	34.97
Expenses recognized in OCI	(9.61)	(8.99)
Net liability/(asset) transfer in	2.04	5.32
Net (liability)/asset transfer out	(2.45)	(9.55)
(Benefit paid directly by the employer)	(0.03)	(8.21)
(Employer's contribution)	(31.29)	(40.60)
Net liability/(asset) recognized in the Balance Sheet	(10.76)	(2.35)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Category of Assets	FY 2021-22	FY 2020-21
Government of India Assets	-	-
State Government Securities	-	-
Special Deposits Scheme	-	-
Debt Instruments	-	-
Corporate Bonds	-	-
Cash And Cash Equivalents	-	-
Insurance fund	177.81	159.71
Asset-Backed Securities	-	-
Structured Debt	-	-
Other	-	-
Total	**177.81**	**159.71**

Information for major category of plan assets of gratuity fund is not available with the Company and hence not disclosed

(₹ in Millions)

Net interest cost for next year	FY 2021-22	FY 2020-21
Present value of benefit obligation at the end of the year	167.06	157.35
(Fair value of plan assets at the end of the year)	(177.81)	(159.70)
Net liability/(asset) at the end of the year	(10.75)	(2.35)
Interest cost	11.63	10.13
(Interest income)	(12.38)	(10.29)
Net interest cost for next year	(0.75)	(0.15)

(₹ in Millions)

Expenses recognized in the Statement of Profit or Loss for next year	FY 2021-22	FY 2020-21
Current service cost	39.70	33.08
Net interest cost	(0.75)	(0.15)
(Expected contributions by the employees)	-	-
Expenses recognized	38.95	32.93

(₹ in Millions)

Maturity analysis of the benefit payments: From the Fund	FY 2021-22	FY 2020-21
Projected benefits payable in future years from the date of reporting		
1st following year	3.54	11.59
2nd following year	3.83	3.08
3rd following year	4.57	3.62
4th following year	4.84	4.18
5th following year	5.20	4.38
Sum of years 6 To 10	38.45	31.70
Sum of years 11 and above	569.46	463.37

(₹ in Millions)

Sensitivity analysis	FY 2021-22	FY 2020-21
Projected benefit obligation on current assumptions	167.07	157.36
Delta effect of +1% change in rate of discounting	(23.91)	(21.75)
Delta effect of -1% change in rate of discounting	29.65	27.06
Delta effect of +1% change in rate of salary increase	28.25	25.38
Delta effect of -1% change in rate of salary increase	(23.31)	(20.90)
Delta effect of +1% change in rate of employee turnover	1.84	0.33
Delta effect of -1% change in rate of employee turnover	(2.40)	(0.59)

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognized in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Notes

Actuarial gains/losses are recognized in the period of occurrence under Other Comprehensive Income (OCI). All above reported figures of OCI are gross of taxation.

Salary escalation & attrition rate are in line with the industry practice considering promotion and demand and supply of the employees.

Maturity analysis of benefit payments is undiscounted cashflows considering future salary, attrition & death in respective year for members as mentioned above.

Average Expected Future Service represents Estimated Term of Post - Employment Benefit Obligation. Value of asset is considered as fair value of plan asset for the period of reporting.

Qualitative disclosures

Characteristics of defined benefit plan

The Company has a defined benefit gratuity plan in India (funded). The company's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund.

The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy.

Risks associated with defined benefit plan

Gratuity is a defined benefit plan and company is exposed to the following risks:

Interest rate risk: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Investment risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset liability matching risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 103 of Income Tax Rules, 1962, this generally reduces ALM risk.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Characteristics of defined benefit plans

During the year, there were no plan amendments, curtailments and settlements.

A separate trust fund is created to manage the Gratuity plan.

NOTE 34. OTHER EXPENSES

(₹ in Millions)

Particulars	FY 2021-22	FY 2020-21
Advertisement and marketing expenses*	408.59	283.68
Direct operating expenses	480.93	100.14
Bank charges	143.30	41.08
Commission to non whole-time directors	3.26	-
Communication costs	75.90	62.43
Electricity	122.33	89.70

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Particulars	FY 2021-22	FY 2020-21
Exchange and statutory charges	34.07	5.93
Legal & professional fees*	566.02	336.71
Directors sitting fees	7.03	5.79
Office expenses	126.75	100.88
Postage & courier	47.82	28.33
Printing & stationary	45.56	30.22
Rates & taxes	12.21	1.79
Rent	24.64	7.84
Repairs & maintenance		
- Computer	12.26	10.58
- Others*	128.78	65.71
Remuneration to auditors		
- Audit fees	4.53	4.46
- Certification / other services **	0.51	0.44
- Out of pocket expenses	0.12	-
Software charges*	226.07	111.32
Travelling & conveyance*	136.92	53.37
Corporate social responsibility expenses (refer note 43)	82.00	47.10
Miscellaneous expenses	2.45	4.44
Insurance premium	202.29	236.23
Security expenses	909.54	792.58
Total	**3,803.90**	**2,420.75**

*Includes below expenses incurred in foreign currency on accrual basis

(₹ in Millions)

Particulars	FY 2021-22	FY 2020-21
Advertisement and marketing expenses	-	1.39
Travelling & conveyance	0.27	-
Repairs & Maintenance: Others	0.26	-
Software charges	0.61	0.92
Legal & professional fees	13.93	1.76

** During the year the Company has paid ₹ 2.12 Million (P.Y ₹ 2.30 Million) to the auditors towards certification required towards Public Issue of Non Convertible Debentures the same has been amortized over the tenure of the borrowings.

NOTE 35. EXCEPTIONAL ITEMS

During the previous year ended March 31, 2021, the Company had transferred 66,061,285 number of fully paid equity shares of ₹ 10/- each constituting of 25% equity shares held by the Company in IIFL Samasta Finance Limited (Formerly Samsata Microfinance Limited), a subsidiary Company, to IIFL Home Finance Limited, a Wholly-owned subsidiary Company, at fair value of ₹ 20 per share. The Profit on sale aggregating to ₹ 530.50 Million had been disclosed as an exceptional item.

NOTE 36. INCOME TAXES

(₹ in Millions)

Amounts recognized in statement of profit or loss	FY 2021-22	FY 2020-21
Current tax expense		
Current year	1,712.83	972.83
Changes in estimates related to prior years	(5.71)	43.83
Deferred tax expense		
Origination and reversal of temporary differences	511.79	(167.48)
Total	**2,218.91**	**849.18**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Amounts recognized in other comprehensive income	FY 2021-22			FY 2020-21		
	Amount	Tax expense	Net of tax	Amount	Tax expense	Net of tax
Remeasurements of defined benefit liability/ (asset)	9.61	(2.41)	7.20	8.99	(2.26)	6.73
Cash flow hedge reserve	(141.32)	35.57	(105.75)	(291.04)	73.24	(217.80)

(₹ in Millions)

Reconciliation of income tax expense of the year to accounting year	FY 2021-22	FY 2020-21
Profit before tax	**9,673.75**	**4,274.95**
Tax using the Company's domestic tax rate (25.17%)	2,434.70	1,075.92
Tax effect of:		
Non-deductible expenses	23.51	11.85
Tax-exempt income- Others (includes deduction under section 80JJAA)	(45.98)	(37.44)
Tax-exempt income- Dividend	(158.32)	(176.65)
Income taxed at different rates	(40.78)	(68.67)
Adjustments for current tax for prior periods	(5.69)	43.83
De-Recognition of previously recognized deductible temporary differences	11.51	0.34
Total income tax expense	**2,218.95**	**849.18**
Effective tax rate	**22.94%**	**19.86%**

NOTE 37. EARNINGS PER SHARE

Basic and Diluted Earnings Per Share ("EPS") computed in accordance with INDAS 33 "Earnings per share"

Particulars		FY 2021-22	FY 2020-21
Face value of equity shares in ₹ fully paid up		2.00	2.00
BASIC			
Profit after tax as per statement of Profit and Loss (₹ in Million)		7,454.84	3,425.77
Less: Preference dividend and dividend distribution tax on preference dividend		-	-
Profit after tax attributable to equity share holders (₹ in Million)	A	7,454.84	3,425.77
Weighted average number of equity shares outstanding	B	379,194,372	378,417,476
Basic EPS (In ₹)	A/B	**19.66**	**9.05**
DILUTED			
Weighted average number of equity shares for computation of basic EPS		379,194,372	378,417,476
Add: Potential equity shares on account conversion of Employees Stock Options		2,254,850	806,252
Weighted average number of equity shares for computation of diluted EPS	**C**	381,449,222	379,223,728
Diluted EPS (In ₹)	**A/C**	**19.54**	**9.03**

NOTE 38. RISK MANAGEMENT

The Company's activities expose it to market risk, liquidity risk and credit risk.

Risk management is integral to Company's strategy. The comprehensive understanding of risk management throughout the various levels of an organization aids in driving key decisions related to risk-return balance, capital allocation and product pricing. The Company operates under the guidance of the Board approved risk appetite statement that covers business composition, guidance around gross stage 3 assets and net stage 3 assets, leverage, funding and liquidity, etc. Additionally, it is also ensured that appropriate focus is on managing risk proactively by ensuring business operations are in accordance with laid-down risk. A strong risk management team and an effective credit operations structure ensures that risks are properly identified and timely addressed, to ensure minimal impact on the Company's growth and performance

Risk Management Structure

The Company has established multi-level risk governance for monitoring and control of product and entity level risks. The Board of Directors are responsible for the overall risk management approach and for approving the risk management

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
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strategies and principles. The Board has constituted the Risk Management Committee ("RMC") which is responsible for monitoring the overall risk process within the Company. The RMC is empowered to develop an independent risk strategy comprising of principles, frameworks, policies and limits and ensuring its effective implementation. Independent function of Risk management is in place headed by the Chief Risk Officer ("CRO") who reports to the Chairman with oversight of RMC of the Board. The Risk department primarily operationalizes risk management framework approved by RMC.

The Company has a well defined risk framework constituting various lines of defence – the first line of defence, consisting of management, is responsible for seamless integration of risk principles across all businesses. Additionally, it ensures adequate managerial and supervisory controls to ensure compliance and highlight inadequate processes and unexpected events. The Company has well-defined internal control measures in every process.

Independent risk and policy team constitutes second line of defence which is responsible for identification and assessment of entity-wide risks. Post its identification, it aims to mitigate risks either through portfolio trigger and caps (Credit risk) or through ongoing risk control and self assessment (Operational risk).

Internal Audit function is the third line of defence that independently reviews activities of the first two lines of defence and reports to the Audit Committee of the Board.

Risk Management Practices

The Company has developed the necessary competency to identify early stress signals and has also defined processes, including corrective and remedial actions as regards people and processes, for mitigation to ensure minimum damage. A stress testing mechanism is put in place to carry out the event based sensitivity analysis and identify the accounts under stress due to expected market movement. In event of susceptibility to external triggers, appropriate risk mitigation would be undertaken and thereby minimize the losses to the company.

It has initiated a detailed portfolio quality review mechanism which enables analysis of portfolio along various behavioural, demographic and financial parameters. Additionally, through tie-ups with external bureaus, an analysis of collection performance coupled with continuous credit assessment for various key segments is undertaken. The practices aid in proactive course correction thereby modifying credit or sourcing mechanisms, if required. Additionally, application scorecard has been developed enabling the Company to standardize credit underwriting and improve sourcing quality in the long run.

The Company's policy is to measure and monitor the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities. Information pertaining to different type of risks are identified, analyzed and tested on timely basis. The same is presented to RMC at periodic intervals.

In order to minimize any adverse effects on the financial performance of the Company, derivative financial instruments, such as cross currency interest rate swaps are entered to hedge certain foreign currency risk exposures and variable interest rate exposures.

The Company's central Treasury department identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity. The Company's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Company.

Note: 38A.1. Credit Risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as loans, trade receivables, investments, derivative financial instruments, and other receivables.

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Credit Quality Analysis

The following tables sets out information about the credit quality of financial assets measured at amortized cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

(₹ in Millions)

Particulars	As at March 31, 2022				
	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Financial Assets where loss allowance measured using simplified approach/ cost	Total
Cash and cash equivalents	-	-	-	43,569.37	43,569.37
Bank balance other than above	-	-	-	12,518.66	12,518.66
Receivables					
(i) Trade receivables	-	-	0.03	1,405.40	1,405.43
(ii) Other receivables	-	-	-	158.00	158.00
Loans*	92,405.89	7,816.83	4,062.06	-	104,284.79
Investments**	-	-	-	14,103.33	14,103.33
Other financial assets	-	-	-	5,409.04	5,409.04

*Loans comprises of outstanding principal, interest accrued but not due and principal and interest overdue.
**Includes Investments in subsidiaries carried at cost.

(₹ in Millions)

Particulars	As at March 31, 2021				
	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Financial Assets where loss allowance measured using simplified approach/cost	Total
Cash and cash equivalents	-	-	-	20,518.72	20,518.72
Bank Balance other than above	-	-	-	15,406.27	15,406.27
Receivables					
(i) Trade receivables	-	-	2.95	1,590.78	1,593.73
(ii) Other receivables	-	-	-	5.10	5.10
Loans*	102,250.10	25,888.83	4,080.43	-	132,219.36
Investments**	-	-	-	11,853.33	11,853.33
Other Financial assets	-	-	-	2,211.74	2,211.74

*Loans comprises of outstanding principal, interest accrued but not due and principal and interest overdue.
**Includes Investments in subsidiaries carried at cost.

Financial Assets Measured Using Simplified Approach

The Company follows 'simplified approach' for recognition of impairment loss allowance on cash and cash equivalents, bank balances, trade receivables, other receivables and other financial assets. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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38A.2. Collateral Held

The Company holds collateral and other credit enhancements against certain of its credit exposures. The loans are collateralized against equitable mortgage of property, pledge of shares, hypothecation of assets, company personal guarantees, physical gold, undertaking to create security.

38A.3. Loss Allowance and Exposure At Default

The following table shows movement of the loss allowance on loans and advances:

(₹ in Millions)

Reconciliation of loss allowance	Financial Assets where loss allowance measured at 12-month ECL		Financial assets for which credit risk has increased significantly and credit not impaired		Financial assets for which credit risk has increased significantly and credit impaired		Total	
	Principal	Others	Principal	Others	Principal	Others	Principal	Others
Opening ECL March-21	**3,545.11**	**599.09**	**1,070.30**	**503.66**	**2,087.08**	**560.88**	**6,702.49**	**1,663.63**
New loans disbursed during the year	1,697.21	186.45	44.33	12.27	121.15	20.93	1,862.69	219.65
Loans closed/ written off during the year	(2,220.24)	(397.79)	(673.22)	(451.51)	(1,445.27)	(294.28)	(4,338.73)	(1,143.58)
Movement in provision without change in asset staging	148.64	152.34	194.94	10.30	(69.38)	24.92	274.20	187.56
Movement in provision due to change in asset staging	(164.66)	(23.67)	(149.88)	(39.54)	907.89	85.17	593.35	21.96
Closing ECL March-22	**3,006.06**	**516.42**	**486.47**	**35.18**	**1,601.47**	**397.62**	**5,094.00**	**949.22**

(₹ in Millions)

Reconciliation of loss allowance	Financial Assets where loss allowance measured at 12-month ECL		Financial assets for which credit risk has increased significantly and credit not impaired		Financial assets for which credit risk has increased significantly and credit impaired		Total	
	Principal	Others	Principal	Others	Principal	Others	Principal	Others
Opening ECL March-20	**2,240.64**	**293.43**	**457.45**	**149.48**	**2,973.14**	**1,318.26**	**5,671.23**	**1,761.17**
New loans disbursed during the year	751.89	88.20	412.10	408.62	146.46	32.55	1,310.45	529.37
Loans closed/ written off during the year	(421.19)	(44.92)	(232.68)	(36.93)	(2,250.74)	(1,147.79)	(2,904.61)	(1,229.64)
Movement in provision without change in asset staging	1,243.22	278.15	42.32	(63.33)	(31.39)	65.05	1,254.15	279.87
Movement in provision due to change in asset staging	(269.45)	(15.77)	391.11	45.82	1,249.61	292.81	1,371.27	322.86
Closing ECL March-21	**3,545.11**	**599.09**	**1,070.30**	**503.66**	**2,087.08**	**560.88**	**6,702.49**	**1,663.63**

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The following table shows movement of the Exposure At Default ("EAD")

(₹ in Millions)

Reconciliation of Exposure at Default	Financial Assets where loss allowance measured at 12-month ECL		Financial assets for which credit risk has increased significantly and credit not impaired		Financial assets for which credit risk has increased significantly and credit impaired		Total	
	Principal	Others	Principal	Others	Principal	Others	Principal	Others
Opening EAD March-2021	**119,479.67**	**13,445.88**	**23,403.27**	**1,888.39**	**3,519.54**	**560.88**	**146,402.48**	**15,895.15**
New loans disbursed during the year	86,643.27	8,297.49	2,781.17	152.24	458.41	20.93	89,882.85	8,470.66
Loans closed/ written off during the year	(77,079.30)	(9,769.97)	(16,385.25)	(1,387.37)	(2,317.81)	(294.28)	(95,782.36)	(11,451.62)
Movement in EAD without change in asset staging	(10,693.34)	1,229.00	(274.34)	(16.98)	(69.09)	24.92	(11,036.77)	1,236.94
Movement in EAD due to change in asset staging	(3,238.96)	(331.75)	(2,050.00)	(66.44)	2,073.41	85.15	(3,215.55)	(313.04)
Closing EAD March-2022	**115,111.34**	**12,870.65**	**7,474.85**	**569.84**	**3,664.46**	**397.60**	**126,250.65**	**13,838.09**

(₹ in Millions)

Reconciliation of Exposure at Default	Financial Assets where loss allowance measured at 12-month ECL		Financial assets for which credit risk has increased significantly and credit not impaired		Financial assets for which credit risk has increased significantly and credit impaired		Total	
	Principal	Others	Principal	Others	Principal	Others	Principal	Others
Opening EAD March-2020	**121,932.77**	**19,085.90**	**5,131.22**	**1,344.22**	**4,130.46**	**1,318.26**	**131,194.45**	**21,748.38**
New loans disbursed during the year	74,792.48	2,102.38	15,062.35	1,009.82	502.25	32.55	90,357.08	3,144.75
Loans closed/written off during the year	(53,778.27)	(7,699.73)	(3,763.26)	(981.73)	(3,050.05)	(1,147.79)	(60,591.58)	(9,829.25)
Movement in EAD without change in asset staging	(9,476.92)	(241.77)	(120.00)	(152.11)	(49.34)	65.05	(9,646.26)	(328.83)
Movement in EAD due to change in asset staging	(13,990.39)	199.10	7,092.96	668.19	1,986.22	292.81	(4,911.22)	1,160.10
Closing EAD March-2021	**119,479.67**	**13,445.88**	**23,403.27**	**1,888.39**	**3,519.54**	**560.88**	**146,402.48**	**15,895.15**

38A.4. Write Off

Contractual amount outstanding on financial assets that were written off (net of recovery) during the reporting period is ₹ 7,238.32 Million (P.Y ₹ 5,686.45 Million)

38A.5. Modified Financial Instruments

For financial assets, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that the modification does not result in cash flows that are substantially different (thereby not resulting into derecognition), the Company has disclosed modification gain/loss based on discounted cash flow basis in the below table:

(₹ in Millions)

Particulars	FY 2021-22	FY 2020-21
Value of modified assets at the time of modification	18,863.61	25,796.17
Value of modified assets outstanding at end of year	18,815.61	25,574.78
Modification gain/(loss)	(48.00)	(221.39)

The above modification is in accordance with the provisions defined in the Master Direction Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 Circular No DNBR.PD.008/03.10.119/2016-17 dated September 1, 2016 (updated as on March 3, 2022)

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38A.6. Credit Risk Grading of Loans

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties.

The Company ensures effective monitoring of credit facilities through a portfolio quality review framework. As per this process, an asset is reviewed at a frequency determined based on the risk it carries at the review date.

For effective risk management, the company monitors its portfolio,based on product, underlying security and credit risk characteristics.

The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions. An independent risk and policy team reviews adherence to policies and processes on a periodic basis.

Additionally, the Company evaluates risk based on staging as defined in Ind AS, details of which are mentioned below:

Credit Grading Details

(₹ in Millions)

Period	Stage 1	Stage 2	Stage 3	Total EAD
March 31, 2022	127,981.99	8,044.69	4,062.06	140,088.74
March 31, 2021	132,925.55	25,291.66	4,080.42	162,297.63

38A.7. Concentration of Credit Risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on spreading its lending portfolio across various products/states/customer base with a cap on maximum limit of exposure for an individual/Group. Accordingly, the Company does not have concentration risk.

38B Liquidity Risk

Liquidity risk refers to the risk that the Company may not be able to meet its short-term financial obligations. The Company manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of credit lines. Further, the Company has well defined Asset Liability Management (ALM) framework with an appropriate organizational structure to regularly monitor and manage maturity profiles of financial assets and financial liabilities including debt financing plans, cash and cash equivalent instruments to ensure liquidity. The Company seeks to maintain flexibility in funding mix by way of sourcing the funds through money markets, debt markets and banks to meet its business and liquidity requirements.

(i) Maturities of Financial Liabilities

(₹ in Millions)

Contractual maturities of financial liabilities (including financial guarantee) As at March 31, 2022	Total	Upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 years
Derivative financial instruments	1,494.62	30.58	-	31.69	1,432.36	-	-
Trade payables	861.67	836.66	1.87	12.91	0.40	9.83	-
Other payables	99.06	99.06	-	-	-	-	-
Finance lease obligation*	4,181.55	232.18	229.24	455.77	1,392.81	1,027.14	844.40
Debt securities	51,052.83	6,064.29	284.55	1,394.69	34,471.10	3,138.20	5,700.00
Borrowings (other than debt securities)	97,710.68	5,785.30	6,266.38	17,702.49	58,840.16	9,116.35	-
Subordinated liabilities	13,696.40	306.37	214.31	282.00	100.00	333.99	12,459.73
Other financial liabilities	17,844.92	17,584.73	-	-	-	260.19	-
Financial guarantee contracts	8,454.96	8,454.96	-	-	-	-	-
Total	**195,396.69**	**39,394.13**	**6,996.35**	**19,879.55**	**96,236.83**	**13,885.70**	**19,004.13**

* The amount represent undiscounted cash flows

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(₹ in Millions)

Contractual maturities of financial liabilities (including financial guarantee) As at March 31, 2021	Total	Upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 years
Derivative financial instruments	1,186.69	-	212.88	-	973.81		-
Trade payables	664.22	664.22	-	-	-	-	-
Other payables	-	-	-	-	-	-	-
Finance lease obligation*	4,080.32	180.31	178.03	353.96	1,292.83	953.41	1,121.78
Debt securities	53,446.73	3,933.10	1,431.35	10,024.60	38,057.69	-	-
Borrowings (other than debt securities)	92,179.83	11,955.11	15,404.57	20,252.42	28,626.77	15,940.96	-
Subordinated liabilities	17,373.98	256.72	364.42	4,138.21	530.00	326.89	11,757.75
Other financial liabilities	14,854.73	14,805.62	-	-	49.11	-	-
Financial guarantee contracts	12,255.43	12,255.43	-	-	-	-	-
Total	**196,041.92**	**44,050.50**	**17,591.23**	**34,769.20**	**69,530.21**	**17,221.27**	**12,879.53**

* The amount represent undiscounted cash flows

Note : Borrowings includes cash credit facilities which has been shown in "over 6 months to 1 year" and "over 1 year to 3 years" in the ratio of 40% and 60% respectively.

(ii) Financing Arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	14,522.50	4,556.55
- Expiring beyond one year (bank loans)	-	-

38C Market Risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument.

38C.1 Interest Rate Risk

The exposure of the Company's borrowing and loans to interest rate changes at the end of the reporting period are as follows:

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Floating rate borrowings	59,893.83	53,286.66
Fixed rate borrowings	100,843.55	101,211.87
Project IRR	-	6,106.80
Total borrowings	**160,737.97**	**160,605.33**

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The Company had the following floating rate borrowings and cross currency interest rate swap contracts outstanding:

(₹ in Millions)

	As at March 31, 2022			As at March 31, 2021		
	Weighted average interest rate (%)	Balance	% of total borrowings	Weighted average interest rate (%)	Balance	% of total borrowings
Bank overdrafts, bank loans	8.64%	52,314.58	32.55%	8.63%	45,975.66	28.63%
Non convertible debentures	-	-	-	-	-	-
External Commercial borrowings	8.62%	7,579.25	4.72%	8.62%	7,311.00	4.55%
Inter corporate deposit	-	-	-	-	-	-
Net exposure to cash flow interest rate risk		**59,893.83**			**53,286.66**	

Sensitivity

(i) Profit or loss is sensitive to higher/ lower interest expense from borrowings as a result of changes in interest rates (assuming other variables constant):

(₹ in Millions)

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Interest rates – increase by 30 basis points	(134.46)	(119.63)	-	-
Interest rates – decrease by 30 basis points	134.46	119.63	-	-

(ii) The Company does not have any outstanding variable rate loans given and hence there is no impact on Profit & loss account due to any such change.

38C.2. Exposure to Currency Risks

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency borrowings taken from Financial Institutions, External Commercial Borrowings (ECB) and foreign bond markets.

(i) The Company has hedged its foreign currency exposure through Forwards/ Future and / or Cross Currency Interest Rate Swaps in such a manner that it has fixed determinate outflows in its functional currency and as such there would be no significant impact of movement in foreign currency rates on the Company's profit before tax (PBT).

As at March 31, 2022 (₹ in Millions)

Particulars	USD	EUR	CHF	JPY	SGD	Other Currencies
Foreign currency assets (in ₹)*	644.13	-	-	-	-	-
Foreign currency liabilities (in ₹)*	1,494.62	-	-	-	-	-
Net Assets/(Liabilities)	**(850.49)**	**-**	**-**	**-**	**-**	**-**

As at March 31, 2021 (₹ in Millions)

Particulars	USD	EUR	CHF	JPY	SGD	Other Currencies
Foreign currency assets (in ₹)*	416.88	-	-	-	-	-
Foreign currency liabilities (in ₹)*	1,186.69	-	-	-	-	-
Net Assets/(Liabilities)	**(769.81)**	**-**	**-**	**-**	**-**	**-**

* Fully hedged by forward contract, future contract and Cross Currency Interest Rate Swaps.

(ii) Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

(₹ in Millions)

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
US$ sensitivity*				
₹/ US$ - increase by 5%	-	-	(1,343.34)	(1,368.01)
₹/ US$ - decrease by 5%	-	-	1,343.34	1,368.01

* Holding all other variables constant,the sensitivity on profit and loss is due to the timing differences of the maturity of the forward exchange contract. On the date of maturity of the forward exchange contract, the sensitivity of profit and loss to changes in the exchange rates will be nil.

38C.3. Price Risk

(i) Exposure

The Company's exposure to assets having price risk is as under (Net)

(₹ in Millions)

Particulars	Equity Shares (Other than Subsidiary)	Mutual Funds / Alternate investment funds/ Others	Bonds	Security Receipts	Total
Market value as on March 31, 2022	-	9,552.20	-	833.00	10,385.20
Market value as on March 31, 2021	-	189.24	-	-	189.24

To manage its price risk arising from investments in equity shares/ other assets, the Company diversifies its portfolio.

(ii) Sensitivity

The table below summarizes the impact of increases/ decreases of the index on the Company's equity / other assets and profit for the period. The analysis is based on the assumption that the instrument index has increased / decreased by 5% with all other variables held constant

(₹ in Millions)

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Increase 5%	388.57	7.08	-	-
Decrease 5%	(388.57)	(7.08)	-	-

38D. Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximize the shareholder value. The Company monitors capital using capital adequacy ratio as prescribed by the Reserve Bank Of India.

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38E. Fair Values of Financial Instruments

Financial Instruments by Category

(₹ in Millions)

Particulars	As at March 31, 2022		
	Fair Value through profit or loss	Fair value through Other Comprehensive Income	Amortized cost / Cost
Financial assets			
Cash and cash equivalents	-	-	43,569.37
Bank Balance other than above	-	-	12,518.66
Derivative financial instruments	-	644.13	-
Receivables			
(i) Trade receivables	-	-	1,405.43
(ii) Other receivables	-	-	158.00
Loans	-	27,770.59	101,069.87
Investments	10,385.21	-	14,103.33
Other financial assets	-	-	5,185.75
Total financial assets	**10,385.21**	**28,414.72**	**178,010.40**
Financial liabilities			
Derivative financial instruments	-	1,494.62	-
Trade payables	-	-	861.67
Other payables	-	-	99.06
Finance lease obligation	-	-	3,276.24
Debt securities	-	-	51,052.83
Borrowings (other than debt securities)	-	-	97,710.68
Subordinated liabilities	-	-	13,696.40
Other financial liabilities	-	-	17,844.92
Total financial liabilities	**-**	**1,494.62**	**184,541.79**

(₹ in Millions)

Particulars	As at March 31, 2021		
	Fair Value through profit or loss	Fair value through Other Comprehensive Income	Amortized cost / Cost
Financial assets			
Cash and cash equivalents	-	-	20,518.72
Bank Balance other than above	-	-	15,406.27
Derivative financial instruments	-	416.88	-
Receivables	-	-	
(i) Trade receivables	-	-	1,593.73
(ii) Other receivables	-	-	5.10
Loans	-	28,904.75	127,038.24
Investments	189.24	-	11,853.33
Other financial assets	-	-	2,079.67
Total financial assets	**189.24**	**29,321.63**	**178,495.06**
Financial liabilities			
Derivative financial instruments	-	1,186.69	-
Trade payables	-	-	664.22
Other payables	-	-	-

(₹ in Millions)

Particulars	As at March 31, 2021		
	Fair Value through profit or loss	Fair value through Other Comprehensive Income	Amortized cost / Cost
Finance lease obligation			3,054.22
Debt securities	-	-	53,446.73
Borrowings (other than debt securities)	-	-	92,179.83
Subordinated liabilities	-	-	17,373.98
Other financial liabilities	-	-	14,854.73
Total financial liabilities	**-**	**1,186.69**	**181,573.71**

38E.1. Financial Instruments Measured At Fair Value – Fair Value Hierarchy

The following table analyzes financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position.

38E.2. Valuation Methodologies Of Financial Instruments Measured At Fair Value

- Quoted equity/ debt instruments are measured based on the last traded price in the recognized stock exchange and are classified as level 1.
- Quoted Mutual Funds are measured based on the published net asset value (NAV) by AMFI and are classified as level 1.
- Alternate Investment Funds and unquoted Mutual Funds are measured based on the latest NAV provided by the fund house and are classified as level 3.
- Equity instruments in non-listed entities are initially recognized at transaction price and re-measured (to the extent information is available) and valued by external independent valuer and classified as Level 3.
- Government Securities are valued based on the closing price published by FBIL and are classified as level 2.
- Unquoted debt securities are measured based on average of security level prices received from AMFI appointed/ designated agencies viz: CRISIL and ICRA and are classified as level 2.
- Fair value of loans measured at FVOCI approximates its carrying value and are classified as level 3.
- Fair value of forward foreign exchange contracts is determined by computing present value of payoff between contractual rate (Strike) and forward exchange rates at the testing date and are classified as Level 2.

(₹ in Millions)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total	Carrying Value
As at March 31, 2022					
Financial assets					
Forward rate agreements and interest rate swaps	-	644.13	-	644.13	644.13
Loans - classified under FVTOCI	-	-	27,770.59	27,770.59	27,770.59
Investments	**0.04**	**833.00**	**9,552.17**	**10,385.21**	**10,385.21**
(i) Mutual funds/ Alternate investment fund / Others	0.04	-	9,552.17	9,552.21	9,552.21
(ii) Security receipts	-	833.00	-	833.00	833.00
Total financial assets	**0.04**	**1,477.13**	**37,322.76**	**38,799.93**	**38,799.93**
Financial liabilities					
Forward rate agreements and interest rate swaps	-	1,494.62	-	1,494.62	1,494.62
Total financial liabilities	**-**	**1,494.62**	**-**	**1,494.62**	**1,494.62**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total	Carrying Value
As at March 31, 2021					
Financial assets					
Forward rate agreements and interest rate swaps	-	416.88	-	416.88	416.88
Loans - classified under FVTOCI	-	-	28,904.75	28,904.75	28,904.75
Investments	**118.18**	**-**	**71.06**	**189.24**	**189.24**
(i) Mutual funds/ Alternate investment fund / Others	118.18	-	71.06	189.24	189.24
Total financial assets	**118.18**	**416.88**	**28,975.81**	**29,510.87**	**29,510.87**
Financial liabilities					
Forward rate agreements and interest rate swaps	-	1,186.69	-	1,186.69	1,186.69
Total financial liabilities	**-**	**1,186.69**	**-**	**1,186.69**	**1,186.69**

38E.3. Valuation Methodologies Of Financial Instruments Not Measured At Fair Value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only.

Short-Term Financial Assets And Liabilities

For financial assets and financial liabilities that have a short-term nature, the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and bank balances, Trade receivables, other receivables, balances other than cash and cash equivalents,other financial assets and other financial liabilities and trade payables.

Loans, Debts, Borrowings And Subordinated Debts

The fair values of these instruments are estimated by determining the price of the instrument taking into consideration the origination date, maturity date, coupon rate, actual or approximation of frequency of interest payments and incorporating the actual or estimated/proxy yields of identitical or similar instruments through the discounting factor. For instruments, having contractual residual maturity or original maturity less than one year, the carrying value has been considered as fair value. Fair values of Loans and advances are presented net of provisions for impairment.

(₹ in Millions)

Assets and liabilities which are measured at amortized cost for which fair values are disclosed As at March 31, 2022	Total Fair value	Carrying value	Valuation hierarchy
Financial assets			
Cash and cash equivalents	43,569.37	43,569.37	-
Bank Balance other than included above	12,518.66	12,518.66	-
Receivables			
(i) Trade receivables	1,405.43	1,405.43	-
(ii) Other receivables	158.00	158.00	-
Loans	98,839.54	101,069.87	Level 3
Investment in subsidiary*	14,103.33	14,103.33	-
Other financial assets	5,185.75	5,185.75	-
Total financial assets	**175,780.08**	**178,010.41**	
Financial Liabilities			
Trade payables	861.67	861.67	-
Other payables	99.06	99.06	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Assets and liabilities which are measured at amortized cost for which fair values are disclosed As at March 31, 2022	Total Fair value	Carrying value	Valuation hierarchy
Debt securities **	50,078.72	51,052.83	Level 3
Borrowings (other than debt securities)	92,452.15	97,710.68	Level 3
Subordinated liabilities	14,045.30	13,696.40	Level 3
Other financial liabilities	17,844.92	17,844.92	-
Total financial liabilities	**175,381.82**	**181,265.56**	

* Investments in subsidiaries are carried at amortised cost and hence fair value is not disclosed

** For MTN Bond book value is been considered as fair value

(₹ in Millions)

Assets and liabilities which are measured at amortized cost for which fair values are disclosed As at March 31, 2021	Total Fair value	Carrying value	Valuation hierarchy
Financial assets			
Cash and cash equivalents	20,518.72	20,518.72	-
Bank Balance other than included above	15,406.27	15,406.27	-
Receivables	-		
(i) Trade receivables	1,593.73	1,593.73	-
(ii) Other receivables	5.10	5.10	-
Loans	124,479.83	127,038.24	Level 3
Investment in subsidiary*	11,853.33	11,853.33	-
Other financial assets	2,079.67	2,079.67	-
Total financial assets	**175,936.65**	**178,495.06**	
Financial Liabilities			
Trade payables	664.22	664.22	-
Other payables	-	-	-
Debt securities**	53,760.78	53,446.73	Level 3
Borrowings (other than debt securities)	92,192.68	92,179.83	Level 3
Subordinated liabilities	17,964.46	17,373.98	Level 3
Other financial liabilities	14,854.73	14,854.73	-
Total financial liabilities	**179,436.86**	**178,519.49**	

* Investments in subsidiaries are carried at amortized cost and hence fair value is not disclosed

** For MTN Bond book value is been considered as fair value

38.E.4 Movements In Level 3 Financial Instruments Measured At Fair Value :

The following tables shows the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:

(₹ in Millions)

Particulars	Loans - Classified under FVOCI	Alternate Investment fund	Equity
Balances as at April 1, 2021	**28,904.75**	**71.06**	**-**
Issuances	85,935.74	10,526.44	-
Sale of financial instrument classified as level 3 at the beginning of the financial year	(87,069.90)	(1,740.46)	-
Total gain/ (loss) recognized in profit and loss	-	695.13	-
Transfers in	-	-	-
Transfers out	-	-	-
Balances as at March 31, 2022	**27,770.59**	**9,552.17**	**-**
Unrealized gain /(loss) related to balances held at the end of financial year	-	685.67	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Particulars	Loans - Classified under FVOCI	Alternate Investment fund	Equity
Balances as at April 1, 2020	**28,248.10**	**50.01**	**988.50**
Issuances	61,464.56	12.44	-
Sale of financial instrument classified as level 3 at the beginning of the financial year	(60,807.91)	(0.06)	(1,450.00)
Total gain/ (loss) recognized in profit and loss	-	8.67	461.50
Transfers in	-	-	-
Transfers out	-	-	-
Balances as at March 31, 2021	**28,904.75**	**71.06**	**-**
Unrealized gain/ losses related to balances held at the end of financial year	-	(9.46)	-

38 F. Transferred Financial Assets That Are Derecognized In Their Entirety

During the year ended March 31, 2022, the Company sold loans measured at FVTOCI through assignment deals. The Company derognized the assets as per IND AS 109 as all the risks and rewards relating to assets were transferred to the buyer. The table below summarizes the carrying amount of the derecognized financial assets measured at FVTOCI and the gain/ (loss) on derecognition, per type of asset.

(₹ in Millions)

Particulars	FY 2021-22	FY 2020-21
Financial assets derecognized during the year	87,069.90	60,807.91
Gain from derecognition	4,107.08	1,674.58

38 G. Transferred Financial Assets That Are Recognized In Their Entirety:

The Company uses securitization as a source of finance. Such transaction resulted in the transfer of contractual cash flows from portfolios of financial assets to holders of issued debt securities. Such deals resulted in continued recognition of the securitized assets since the Company retains substantial risks and rewards. The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognized in their entirety and associated liabilities.

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Carrying amount of transferred assets measured at amortized cost	19,892.16	39,138.16
Carrying amount of associated liabilities	19,892.16	39,138.16
Fair value of assets	19,888.06	39,151.01
Fair value of associated liabilities	19,888.06	39,151.01
Net position at Fair value	**-**	**-**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 39. CAPITAL, OTHER COMMITMENTS AND CONTINGENT LIABILITIES AT BALANCE SHEET DATE:

Contingent Liabilities:

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
In respect of Income tax demands (refer note (a) and (b))	663.06	486.49
In respect of GST/Service tax demands (including interest accrued and refer note (c))	831.66	617.50
In respect of Profession tax demands (refer note (d))	1.55	1.55
In respect of Bank guarantees given (refer note (e))	8,454.96	12,255.43
In respect of Stamp Duty (refer note (f))	166.60	-

(a) The Company has filed appeal against the said demands raised by the Income Tax Department.

(b) Amount paid under protest with respect to income tax demand is ₹ 417.70 Million (P.Y ₹ 233.89 Million).

(c) Amount paid under protest with respect to service tax demand ₹ 18.92 Million (P.Y ₹ 18.92 Million) and with respect to GST demand ₹ 0.18 Million (P.Y Nil).

(d) Amount paid under protest with respect to profession tax demand ₹ 0.47 Million (P.Y ₹ 0.47 Million).

(e) The above guarantee has been given on behalf of subsidiaries/group companies.

(f) The Company has received demand towards stamp duty on account of the Composite Scheme of Arrangement.The demand has been raised for a sum of ₹ 750.00 Million. As per the scheme document any incidental expenses will be borne by the resulting companies i.e IIFL Finance Limited, IIFL Securities Limited and IIFL Wealth Management Limited equally. The Company has appealed against the same and paid ₹ 83.40 Million under protest towards its share of the liability and shown ₹ 166.60 Million as Contingent.

(g) Apart from the above, Company is subject to legal proceedings and claims which have arisen in the ordinary course of the business. The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have material and adverse effect on the Company's financial position.

Commitments Not Provided For:

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Commitments related to loans sanctioned but undrawn	7,935.49	913.64
Estimated amount of contracts remaining to be executed on capital account	187.51	325.42
Commitments related to Alternate Investment Funds	205.95	20.16

NOTE 40. EMPLOYEE STOCK OPTION

The Company has implemented Employee Stock Option Scheme 2008 (ESOP Schemes) and has outstanding options granted under the said Schemes. The options vest in graded manner and must be exercised within a specified period as per the terms of the grants made by the Nomination and Remuneration Committee and ESOP Schemes.

a) The details of various Employee Stock Option Schemes are as under.

(₹ in Millions)

Particulars	As at March 2022 ESOP 2008	As at March 2021 ESOP 2008
Number of Option outstanding	1,147,105	331,525
Method of accounting	Fair Value	Fair Value
Vesting Plan	Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options.	
Exercise Period	Seven years from the date of grant	

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Particulars	As at March 2022 ESOP 2008	As at March 2021 ESOP 2008
Grant Date	05-Aug-2014, 02-Mar-2015, 08-Mar-2016, 29-Apr-2017, 04-Sep-2020, 06-May-2021, 20-Aug-2021 and 22-Dec-2021.	05-Aug-2014, 02-Mar-2015, 08-Mar-2016, 29-Apr-2017 and 04-Sep-2020
Grant Price (₹ Per Share)	₹ 61.40, ₹ 82.73, ₹ 82.02, ₹ 218.71, ₹ 126.64, ₹ 252.00, ₹ 252.00 and ₹ 271.40	₹ 61.40, ₹ 82.73, ₹ 82.02, ₹ 218.71 and ₹ 126.64

(b) (i) Movement of options during the year ended March 31, 2022

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
Outstanding as on April 1, 2021	**331,525**	**82.02-218.71**	**93.70**	**2.65**
Granted during the year	925,000	252.00-271.40	252.52	-
Expired/forfeited during the year	14,360	82.02	82.65	-
Exercised during the year	95,060	82.02-82.73	82.04	-
Outstanding as on March 31, 2022	**1,147,105**	**82.02-271.40**	**222.89**	**5.44**
Exercisable as on March 31, 2022	**177,105**	**82.02-271.40**	**92.54**	**1.14**

b) (ii) Movement of options during year ended March 31, 2021

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
Outstanding as on April 1, 2020	**434,937**	**61.40-218.71**	**87.76**	**2.89**
Granted during the year	50,000	126.64	126.64	-
Expired/forfeited during the year	27,315	82.02-218.71	132.06	-
Exercised during the year	126,097	61.40-82.73	77.95	-
Outstanding as on March 31, 2021	**331,525**	**82.02-218.71**	**93.70**	**2.65**
Exercisable as on March 31, 2021	**276,725**	**82.02-218.71**	**85.58**	**1.96**

Fair Value Methodology:

The fair value of the shares are measured using Black scholes formulae. Measurement inputs include share price on measurement date, exercise date of the instrument, exercise price, expected life, risk free interest rate, dividend yield, expected volatility .

Key Assumptions used in Black-Scholes model for calculating fair value as on the date of grant are as follows:

	ESOP 2008			
	FY 2021-22			FY 2020-21
	6-May-21	**19-Aug-21**	**22-Dec-21**	**4-Sep-20**
Stock price (₹)	252.00	252.00	271.40	87.85
Volatility	10.00%	10.00%	10.00%	10.00%
Risk-free Rate	5.66%	5.77%	5.81%	6.56%
Exercise price (₹)	252.00	252.00	271.40	126.64
Time to Maturity (Years)	5.00	5.00	5.00	5.00
Dividend yield	3.00%	3.00%	3.00%	3.00%
Weight Average Value (₹)	34.72	35.40	35.40	21.10

Stock Price: The closing market price on NSE one day prior to the date of grant has been considered for the purpose of Option valuation.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Volatility: The daily volatility of the stock prices on BSE, over a period prior to the date of grant, corresponding with the expected life of the Options has been considered to calculate the fair value.

Risk-free rate of return: The risk-free rate being considered for the calculation is the India Government Bond Generic Bid Yield with a maturity about equal to the expected life of the options.

Exercise Price: Price of each specific grant has been considered.

Time to Maturity: Time to Maturity / Expected Life of Options is the period for which the Company expects the Options to be live. The minimum life of a stock option is the minimum period before which the Options cannot be exercised and the maximum life is the period after which the Options cannot be exercised.

Expected dividend yield: Expected dividend yield has been calculated as an average of dividend yields for the three financial years preceding the date of the grant. The dividend yield for the year is derived by dividing the dividend per share by the average price per share of the respective period.

The Company has granted Employee Stock Options under IIFL Finance Employee Stock Option Plan 2020 – Merger Scheme pursuant to aforesaid Composite Scheme of Arrangement.

a) The details of various Employee Stock Option Schemes are as under:

Particulars	As at March 2022 ESOP 2020	As at March 2021 ESOP 2020
Number of Option outstanding	3,572,033	4,433,233
Method of accounting	Fair Value	Fair Value
Vesting Plan	Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options.	
Exercise Period	Seven years from the date of grant	
Grant Date	02-Dec-2015, 09-Mar-2016, 08-Feb-2017, 02-May-2018, 04-Sep-2018, 21-Nov-2018, 18-Jan-2019 and 18-Sep-2019	02-Dec-2015, 09-Mar-2016, 08-Feb-2017, 02-May-2018, 04-Sep-2018, 21-Nov-2018, 18-Jan-2019 and 18-Sep-2019
Grant Price (₹ Per Share)	₹ 61.48, ₹ 61.48, ₹ 106.67, ₹ 142.22, ₹ 177.04, ₹ 177.04, ₹ 182.22, ₹ 129.63	₹ 61.48, ₹ 61.48, ₹ 106.67, ₹ 142.22, ₹ 177.04, ₹ 177.04, ₹ 182.22, ₹ 129.63

(b) (i) Movement of options during the year ended March 31, 2022

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
Outstanding as on April 1, 2021	**4,433,233**	**61.48-182.22**	**150.40**	**4.06**
Granted during the year	-	-	-	-
Expired/forfeited during the year	198,225	177.04-182.22	177.37	-
Exercised during the year	662,975	61.48-182.22	118.03	-
Outstanding as on March 31, 2022	**3,572,033**	**61.48-182.22**	**154.91**	**3.19**
Exercisable as on March 31, 2022	**2,031,205**	**61.48-182.22**	**150.73**	**3.05**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(b) (ii) Movement of options during year ended March 31, 2021

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
Outstanding as on April 1, 2020	**8,265,678**	**61.48 -182.22**	**157.65**	**5.15**
Granted during the year	-	-	-	-
Expired/forfeited during the year	3,458,788	61.48-182.22	173.65	-
Exercised during the year	373,657	61.48-182.22	95.69	-
Outstanding as on March 31, 2021	**4,433,233**	**61.48-182.22**	**150.40**	**4.06**
Exercisable as on March 31, 2021	**2,001,004**	**61.48-182.22**	**132.44**	**3.57**

Fair Value Methodology:

The fair value of the shares are measured using Black scholes formulae. Measurement inputs include share price on measurement date, exercise date of the instrument, exercise price, expected life, risk free interest rate, dividend yield, expected volatility .

Key Assumptions used in Black-Scholes model for calculating fair value as on the date of grant are as follows:

Particulars	ESOP 2020			
	21-Nov-18	**4-Sep-18**	**2-May-18**	**2-May-18**
Stock price (₹)	179.63	179.63	179.63	179.63
Volatility	59%	59%	59%	59%
Risk-free Rate	7.21% - 7.40%	7.21% - 7.44%	7.13% - 7.40%	7.13% - 7.34%
Exercise price (₹)	177.04	177.04	142.22	142.22
Time to Maturity (Years)	5.39	5.43	5.09	4.84
Dividend yield	1.00%	1.00%	1.00%	1.00%
Weight Average Value (₹)	102.29	102.87	106.78	106.94

Particulars	ESOP 2020		
	18-Sep-19	**18-Jan-19**	**18-Jan-19**
Stock price (₹)	179.63	179.63	179.63
Volatility	59%	59%	59%
Risk-free Rate	7.34% - 7.49%	7.28% - 7.49%	7.28% - 7.44%
Exercise price (₹)	129.63	182.22	182.22
Time to Maturity (Years)	6.22	5.80	5.55
Dividend yield	1.00%	1.00%	1.00%
Weight Average Value (₹)	118.06	161.25	102.16

Stock Price: The fair value of stock as on Appointed Date, i.e., April 1, 2018 ("the Effective date" or the "Date of Modification") has been used to value the outstanding grants based on Merchant Banker's Report.

Volatility: The daily volatility of the stock prices on BSE, based on post demerger traded prices, has been considered to calculate the fair value.

Risk-free rate of return: The risk-free rate being considered for the calculation is the India Government Bond Generic Bid Yield with a maturity about equal to the expected life of the options.

Exercise Price: Price of each specific grant has been considered based on equity swap ratio of the Composite Scheme of Arrangement.

Time to Maturity: Time to Maturity / Expected Life of Options is the period for which the Company expects the Options to be live. The minimum life of a stock option is the minimum period before which the Options cannot be exercised and the maximum life is the period after which the Options cannot be exercised.

Expected dividend yield: Expected dividend yield has been calculated as an average of dividend yields for the three financial years preceding the date of the grant. The dividend yield for the year is derived by dividing the dividend per share by the average price per share of the respective period.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 41. ADDITIONAL DISCLOSURE REQUIREMENTS

(i) Relationship With Struck off Companies

The Company has not entererd into any transactions with strike off companies.

(ii) Registration of Charges or Satisfaction With Registrar of Companies (ROC)

There are no charges or satisfaction yet to be registered with ROC beyond the statutory period.

(iii) Compliance With Number of Layers of Companies:

The clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 is not applicable to the Company.

(iv) Utilization of Borrowed Funds and Share Premium

(A) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(B) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:-

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(v) Undisclosed Income

The Company has disclosed all its Income appropriately and in the ongoing Tax Assessments as well there has not been any such undisclosed income recognised by the relavant tax authorities.

(vi) Details of Crypto Currency or Virtual Currency

The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(vii) Disclosure of Benami Property

The Company does not possess any benami property under the Benami Transactions (Prohibition) Act, 1985 and rules made thereunder.

(viii) Disclosure of Borrowings

(a) The quarterly returns and statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.

(b) The Company has utilised the borrowings from banks and financial institutions for the specific purpose for which it was taken as at March 31, 2022.

(ix) Wilful Defaulter

The Company has not been declared as Wilful Defaulter by any Bank or Financial Institution or other Lender.

(x) Title Deeds Of Immovable Properties Not Held In Name Of The Company

Title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the company.

(xi) Disclosure on Loans and Advances

The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment, to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
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(xii) Ratios

Particulars	As at March 31, 2022	As at March 31, 2021
Capital to risk-weighted assets ratio (CRAR)	23.85%	25.40%
Tier I CRAR	16.02%	17.51%
Tier II CRAR	7.83%	7.89%
Liquidity Coverage Ratio for the quarter ended March 31	116.59%	102.76%

NOTE 42. LIST OF RELATED PARTIES

Nature of relationship	Name of party*
Direct subsidiaries	IIFL Home Finance Limited
	IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)
Other related parties	IIFL Securities Limited
	IIFL Management Services Limited
	IIFL Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited)
	IIFL Wealth Management Limited
	IIFL Facilities Services Limited (Formerly IIFL Real Estate Limited)
	India Infoline Foundation
	India Infoline Employee Trust
	IIFL Asset Management Limited
	IIFL Wealth Finance Limited
	Livlong Protection & Wellness Solutions Limited (Formerly IIFL Corporate Services Limited)
	IIHFL Sales Limited (w.e.f September 28, 2021)
	5paisa Capital Limited
	5paisa P2P Limited
Key managerial personnel	Mr. Nirmal Jain
	Mr. R. Venkataraman
	Mr. Rajesh Rajak
	Mr. Sumit Bali (upto June 30, 2020)
Relatives of Key managerial personnel	Mr. Shankar Subramanian (Brother of Independent Director Mr. Ramakrishnan Subramanian) (w.e.f September 06, 2021)

*The above list includes related parties with whom the transactions have been carried out during the year.

Note 42.1 Significant transactions with related parties

(₹ in Millions)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
Interest income				
IIFL Securities Limited	-	47.55	-	47.55
	-	(1.30)	-	(1.30)
IIFL Home Finance Limited	201.61	-	-	201.61
	(28.38)	-	-	(28.38)
IIFL Facilities Services Limited	-	20.40	-	20.40
	-	(71.05)	-	(71.05)
IIFL Management Services Limited	-	0.13	-	0.13
	-	-	-	-
5paisa Capital Limited	-	50.73	-	50.73
	-	(118.20)	-	(118.20)

(₹ in Millions)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)	74.51	-	-	74.51
	(67.70)	-	-	(67.70)
Mr. Shankar Subramanian	-	-	0.22	0.22
	-	-	-	-
Interest expense				
IIFL Facilities Services Limited	-	89.42	-	89.42
	-	(84.47)	-	(84.47)
IIFL Home Finance Limited	-	-	-	-
	(333.59)	-	-	(333.59)
IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)	-	-	-	-
	(43.65)	-	-	(43.65)
IIFL Management Services Limited	-	5.37	-	5.37
	-	-	-	-
IIFL Securities Limited	-	4.82	-	4.82
	-	(4.45)	-	(4.45)
Referral fees income				
IIFL Home Finance Limited	0.43	-	-	0.43
	(1.27)	-	-	(1.27)
Trademark License Fee				
IIFL Securities Limited	-	-	-	-
	-	(0.10)	-	(0.10)
Donation paid				
India Infoline Foundation	-	82.00	-	82.00
	-	(47.10)	-	(47.10)
Arranger/processing fees/brokerage on non convertible debenture/merchant banking fees/other charges				
IIFL Securities Limited	-	225.68	-	225.68
	-	-	-	-
5paisa Capital Limited	-	-	-	-
	-	(0.68)	-	(0.68)
IIFL Wealth Management Limited	-	35.55	-	35.55
	-	(121.34)	-	(121.34)
IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)	72.13	-	-	72.13
	-	-	-	-
IIFL Home Finance Limited	15.59	-	-	15.59
	(6.47)	-	-	(6.47)
Mr. Shankar Subramanian	-	-	0.01	0.01
	-	-	-	-
Rent expenses				
IIFL Facilities Services Limited	-	19.24	-	19.24
	-	(17.50)	-	(17.50)
Commission / brokerage expense				
IIFL Securities Limited	-	0.88	-	0.88
	-	(0.19)	-	(0.19)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
Remuneration paid				
Mr. Nirmal Jain	-	-	86.72	86.72
	-	-	(80.01)	(80.01)
Mr. Sumit Bali	-	-	-	-
	-	-	(5.41)	(5.41)
Equity dividend received				
IIFL Home Finance Limited	629.05	-	-	629.05
	(524.20)	-	-	(524.20)
IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)	-	-	-	-
	(118.84)	-	-	(118.84)
Equity dividend paid				
India Infoline Employee Trust Limited	-	0.26	-	0.26
	-	(0.23)	-	(0.23)
ICD/loan taken**				
IIFL Home Finance Limited	4,210.00	-	-	4,210.00
	(82,387.10)	-	-	(82,387.10)
IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)	-	-	-	-
	(3,450.00)	-	-	(3,450.00)
IIFL Securities Limited	-	2,000.00	-	2,000.00
	-	(22,080.00)	-	(22,080.00)
IIFL Facilities Services Limited	-	42,505.96	-	42,505.96
	-	(51,061.50)	-	(51,061.50)
ICD/loan returned**				
IIFL Home Finance Limited	4,210.00	-	-	4,210.00
	(82,387.10)	-	-	(82,387.10)
IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)	-	-	-	-
	(3,950.00)	-	-	(3,950.00)
IIFL Securities Limited	-	2,000.00	-	2,000.00
	-	(22,080.00)	-	(22,080.00)
IIFL Facilities Services Limited	-	42,505.96	-	42,505.96
	-	(51,061.50)	-	(51,061.50)
ICD/loan given**				
IIFL Securities Limited	-	17,390.00	-	17,390.00
	-	(4,040.00)	-	(4,040.00)
IIFL Management Services Limited	-	500.00	-	500.00
	-	-	-	-
IIFL Facilities Services Limited	-	26,635.00	-	26,635.00
	-	(18,963.50)	-	(18,963.50)
IIFL Home Finance Limited	32,844.00	-	-	32,844.00
	(11,950.00)	-	-	(11,950.00)
IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)	5,500.00	-	-	5,500.00
	(9,480.00)	-	-	(9,480.00)
5paisa Capital Limited	-	6,000.00	-	6,000.00
	-	(28,130.00)	-	(28,130.00)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
ICD/loan received back				
IIFL Securities Limited	-	17,390.00	-	17,390.00
	-	(4,040.00)	-	(4,040.00)
IIFL Facilities Services Limited	-	26,635.00	-	26,635.00
	-	(20,722.00)	-	(20,722.00)
IIFL Management Services Limited	-	500.00	-	500.00
	-	-	-	-
IIFL Home Finance Limited	32,844.00	-	-	32,844.00
	(11,950.00)	-	-	(11,950.00)
5paisa Capital Limited	-	6,000.00	-	6,000.00
	-	(29,130.00)	-	(29,130.00)
IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)	5,500.00	-	-	5,500.00
	(9,480.00)	-	-	(9,480.00)
Investment in subsidiaries				
IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)	2,250.00	-	-	2,250.00
	(675.00)	-	-	(675.00)
Sale of investment				
IIFL Home Finance Limited	1,440.00	-	-	1,440.00
	(1,821.23)	-	-	(1,821.23)
IIFL Wealth Finance Limited	-	-	-	-
	-	(2,011.10)	-	(2,011.10)
Allocation / reimbursement of expenses paid				
IIFL Securities Limited	-	92.41	-	92.41
	-	(79.82)	-	(79.82)
5paisa Capital Limited	-	0.42	-	0.42
	-	-	-	-
IIFL Wealth Management Limited	-	-	-	-
	-	(4.15)	-	(4.15)
IIFL Home Finance Limited	9.10	-	-	9.10
	(5.55)	-	-	(5.55)
IIFL Management Services Limited	-	1.76	-	1.76
	-	(3.95)	-	(3.95)
IIFL Facilities Services Limited	-	14.77	-	14.77
	-	(11.65)	-	(11.65)
Allocation / reimbursement of expenses paid others				
IIFL Securities Limited	-	19.68	-	19.68
	-	(10.06)	-	(10.06)
IIFL Wealth Management Limited	-	0.00	-	0.00
	-	(0.06)	-	(0.06)
5paisa P2P Limited	-	0.01	-	0.01
	-	(0.03)	-	(0.03)
IIFL Facilities Services Limited	-	2.00	-	2.00
	-	(3.16)	-	(3.16)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
IIFL Home Finance Limited	2.62	-	-	2.62
	(13.12)	-	-	(13.12)
5paisa Capital Limited	-	3.09	-	3.09
	-	(2.92)	-	(2.92)
IIFL Management Services Limited	-	0.33	-	0.33
	-	(0.42)	-	(0.42)
IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)	6.57	-	-	6.57
		-	-	-
Livlong Protection & Wellness Solutions Limited (Formerly IIFL Corporate Services Limited)	-	0.19	-	0.19
	-	-	-	-
IIHFL Sales Limited	-	0.01	-	0.01
	-	-	-	-
IIFL Insurance Brokers Limited	-	0.02		0.02
	-	(0.51)	-	(0.51)
Allocation / reimbursement of expenses received				
IIFL Facilities Services Limited		0.87		0.87
	-	(3.96)	-	(3.96)
IIFL Management Services Limited		0.26		0.26
	-	(0.29)	-	(0.29)
IIFL Securities Limited		27.47		27.47
	-	(28.25)	-	(28.25)
IIFL Home Finance Limited	47.59			47.59
	(30.15)	-	-	(30.15)
5paisa Capital Limited		8.71	-	8.71
	-	(4.43)	-	(4.43)
IIFL Wealth Management Limited		-		-
	-	(0.18)	-	(0.18)
Livlong Protection & Wellness Solutions Limited (Formerly IIFL Corporate Services Limited)		0.09		0.09
	-	-	-	-
IIHFL Sales Limited		2.06		2.06
		-	-	-
Allocation / reimbursement of expenses received others				
5paisa Capital Limited		0.97		0.97
	-	(0.89)	-	(0.89)
5paisa P2P Limited		-		-
	-	(0.08)	-	(0.08)
IIFL Securities Limited		7.27		7.27
	-	(6.15)	-	(6.15)
IIFL Home Finance Limited	17.15	-	-	17.15
	(32.35)	-	-	(32.35)
IIFL Management Services Limited		0.00		0.00
	-	(0.94)	-	(0.94)
IIFL Facilities Services Limited		1.01		1.01
	-	(1.28)	-	(1.28)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
IIFL Insurance Brokers Limited		0.50		0.50
	-	(0.22)	-	(0.22)
IIFL Asset Management Limited		-		-
	-	(0.59)	-	(0.59)
Livlong Protection & Wellness Solutions Limited (Formerly IIFL Corporate Services Limited)		0.26		0.26
	-	-	-	-
IIHFL Sales Limited		0.01		0.01
	-	-	-	-
Security deposit paid towards rent				
IIFL Facilities Services Limited		0.43		0.43
		-		-
Assignment/Secu transactions paid on behalf				
IIFL Home Finance Limited	901.44	-	-	901.44
	(902.18)	-	-	(902.18)
Non convertible debenture issued				
IIFL Facilities Services Limited		-		-
		(1,000.00)		(1,000.00)
IIFL Securities Limited		500.00		500.00
		(751.80)		(751.80)
Non convertible debenture redeemed/buyback				
IIFL Management Services Limited		108.11		108.11
		-		-
IIFL Wealth Finance Limited		-		-
		(813.46)		(813.46)
IIFL Facilities Services Limited		-		-
		(222.11)		(222.11)
Repayment towards Borrowing				
IIFL Management Services Limited	-	52.70		52.70
	-	-	-	-
IIFL Securities Limited	-	40.90		40.90
	-	-	-	-

Note 42.2 Closing balances with related parties

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
Other payable				
5paisa Capital Limited		1.69		1.69
	-	(2.08)	-	(2.08)
5paisa P2P Limited		-		-
	-	(0.01)	-	(0.01)
IIFL Insurance Brokers Limited		-		-
	-	(0.30)	-	(0.30)
IIFL Securities Limited		12.60		12.60
	-	(2.74)	-	(2.74)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
IIFL Facilities Services Limited		0.58		0.58
	-	-	-	-
IIFL Wealth Management Limited		38.44		38.44
	-	(1.74)	-	(1.74)
IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)	25.03	-		25.03
	-	-	-	-
Other receivable				
IIFL Insurance Brokers Limited		0.24		0.24
	-	-	-	-
IIFL Management Services Limited		0.01		0.01
				-
Livlong Protection & Wellness Solutions Limited (Formerly IIFL Corporate Services Limited)	-	0.41	-	0.41
	-	-	-	-
IIHFL Sales Limited	-	1.08	-	1.08
	-	-	-	-
IIFL Facilities Services Limited		-	-	-
	-	(1.95)	-	(1.95)
IIFL Home Finance Limited	1.32			1.32
	(7.93)	-	-	(7.93)
Security deposit receivable				
IIFL Facilities Services Limited	-	9.18	-	9.18
	-	(8.75)	-	(8.75)
Corporate guarantee given				
IIFL Home Finance Limited	8,454.96	-	-	8,454.96
	(12,255.43)	-	-	(12,255.43)
Outstanding non convertible debenture issued				
IIFL Management Services Limited		-		-
	-	(22.22)	-	(22.22)
IIFL Securities Limited		443.00	-	443.00
	-	(40.90)	-	(40.90)
IIFL Facilities Services Limited	-	0.01	-	0.01
	-	-	-	-
Interest accrued on non convertible debenture issued				
IIFL Management Services Limited		-		-
	-	(3.46)	-	(3.46)
IIFL Securities Limited		19.67		19.67
	-	(1.91)	-	(1.91)
IIFL Facilities Services Limited		0.00		0.00
	-	-	-	-
Loan receivable				
Mr. Shankar Subramanian	-	-	2.02	2.02
	-	-	-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Nature of transaction	Direct subsidiaries	Other related parties	Key managerial personnel and their relatives	Total
Gratuity payable *				
Mr. Nirmal Jain	-	-	1.47	1.47
	-	-	(1.43)	(1.43)
Leave encashment payable *				
Mr. Nirmal Jain	-	-	6.44	6.44
	-	-	(4.59)	(4.59)

* Based on actuarial valuation report

**ICD Transactions are including Intraday

Wherever amount is less than ₹ 0.01 Million, shown as ₹ 0.00

(Figure in bracket represents previous year figure)

NOTE 43. CORPORATE SOCIAL RESPONSIBILITY:

(₹ in Millions)

Particulars	FY 2021-22	FY 2020-21
(a) Amount required to be spent	82.00	47.10
(b) Amount of expenditure incurred	57.40	47.10
(c) Shortfall at the end of the year	24.60	-
(d) Total of previous years shortfall	-	-
(e) Nature of CSR activities	Promoting Education and Healthcare, eradicating poverty	

Reason for shortfall: The Company during the year had contributed towards the ongoing projects to IIFL Foundation Limited and which remained unspent as on March 31, 2022 resulting in shortfall. The unspent amount has been transferred to a separate Bank account and will be spent during the FY 2022-23.

The Company contributes its CSR requirement to IIFL Foundation Limited, a group Company.

NOTE 44.1 MATURITY ANALYSIS OF ASSETS AND LIABILITIES AS AT MARCH 31, 2022

(₹ in Millions)

Sr. No	Particulars	Within 12 months	After 12 months	Total
	Assets			
[1]	**Financial assets**			
(a)	Cash and cash equivalents	43,569.37	-	43,569.37
(b)	Bank balance other than (a) above	10,016.04	2,502.62	12,518.66
(c)	Derivative financial instruments	-	644.13	644.13
(d)	Receivables			
	(i) Trade receivables	1,405.24	0.19	1,405.43
	(ii) Other receivables	158.00	-	158.00
(e)	Loans	79,067.93	49,772.53	128,840.46
(f)	Investments	0.04	24,488.50	24,488.54
(g)	Other financial assets	1,521.01	3,664.74	5,185.75

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Sr. No	Particulars	Within 12 months	After 12 months	Total
[2]	**Non-financial assets**			
(a)	Current tax assets (net)	-	2,270.23	2,270.23
(b)	Deferred tax assets (net)	-	1,584.97	1,584.97
(c)	Investment property	-	2,885.13	2,885.13
(d)	Property, plant and equipment	-	1,348.24	1,348.24
(e)	Capital work-in-progress	51.40	5.04	56.44
(f)	Right of-use assets	-	2,972.54	2,972.54
(g)	Other intangible assets	-	19.16	19.16
(h)	Other non-financial assets	850.06	2,487.09	3,337.15
(i)	Assets held for sale	78.44	-	78.44
	Total Assets	**136,717.52**	**94,645.12**	**231,362.64**
	Liabilities and Equity			
	Liabilities			
[1]	**Financial liabilities**			
(a)	Derivative financial instruments	62.26	1,432.36	1,494.62
(b)	Payables			
	(I) Trade payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	851.42	10.25	861.67
	(II) Other payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	99.06	-	99.06
(c)	Finance lease obligation	680.49	2,595.75	3,276.24
(d)	Debt securities	7,743.53	43,309.30	51,052.83
(e)	Borrowings (other than debt securities)	29,754.17	67,956.51	97,710.68
(f)	Subordinated liabilities	802.68	12,893.72	13,696.40
(g)	Other financial liabilities	17,584.73	260.19	17,844.92
[2]	**Non-financial liabilities**			
(a)	Current tax liabilities (net)	184.41	-	184.41
(b)	Provisions	342.83	71.01	413.84
(c)	Other non-financial liabilities	458.95	-	458.95
[3]	**Equity**			
(a)	Equity share capital	-	759.20	759.20
(b)	Other equity	-	43,509.82	43,509.82
	Total Liabilities and Equity	**58,564.53**	**172,798.11**	**231,362.64**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Note 44.2 Maturity Analysis Of Assets And Liabilities As At March 31, 2021

(₹ in Million)

Sr. No	Particulars	Within 12 months	After 12 months	Total
	Assets			
[1]	**Financial assets**			
(a)	Cash and cash equivalents	20,518.72	-	20,518.72
(b)	Bank balance other than (a) above	13,749.36	1,656.91	15,406.27
(c)	Derivative financial instruments	-	416.88	416.88
(d)	Receivables			
	(i) Trade receivables	1,593.73	-	1,593.73
	(ii) Other receivables	5.10	-	5.10
(e)	Loans	110,268.74	45,674.25	155,942.99
(f)	Investments	-	12,042.57	12,042.57
(g)	Other financial assets	1,458.46	621.21	2,079.67
[2]	**Non-financial assets**			
(a)	Current tax assets (net)	-	2,468.67	2,468.67
(b)	Deferred tax assets (net)	-	2,063.60	2,063.60
(c)	Investment property	-	2,640.02	2,640.02
(d)	Property, plant and equipment	-	955.44	955.44
(e)	Capital work-in-progress	-	65.60	65.60
(f)	Right of-use assets		2,793.94	2,793.94
(g)	Other intangible assets	-	9.15	9.15
(h)	Other non-financial assets	420.98	2,683.92	3,104.90
	Total Assets	**148,015.09**	**74,092.16**	**222,107.25**
	Liabilities and Equity			
	Liabilities			
[1]	**Financial liabilities**			
(a)	Derivative financial instruments	212.88	973.81	1,186.69
(b)	Payables			
	(I) Trade payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	664.22	-	664.22
	(II) Other payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-
(c)	Finance lease obligation	480.76	2,573.46	3,054.22
(d)	Debt securities	15,318.20	38,128.53	53,446.73
(e)	Borrowings (other than debt securities)	47,442.26	44,737.57	92,179.83
(f)	Subordinated liabilities	4,693.89	12,680.09	17,373.98
(g)	Other financial liabilities	14,805.62	49.11	14,854.73
[2]	**Non-financial liabilities**			
(a)	Current tax liabilities (net)	185.44	-	185.44
(b)	Provisions	253.20	62.43	315.63
(c)	Other non-financial liabilities	638.46	-	638.46
[3]	**Equity**			
(a)	Equity share capital	-	757.68	757.68
(b)	Other equity	-	37,449.64	37,449.64
	Total Liabilities and Equity	**84,694.93**	**137,412.32**	**222,107.25**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

45. DISCLOSURE AS REQUIRED UNDER ANNEX XII- RBI MASTER DIRECTION - NON-BANKING FINANCIAL COMPANY - SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016 DATED SEPTEMBER 01, 2016 AS MAY BE AMENDED FROM TIME TO TIME:

(i) Capital Adequacy Ratio

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
CRAR (%)	23.85%	25.40%
CRAR - Tier I Capital (%)	16.02%	17.51%
CRAR - Tier II Capital (%)	7.83%	7.89%
Amount of subordinate debt raised as Tier- II capital *	13,267.81	13,117.81
Amount raised by issue of perpetual debt instruments.		

*Gross of Unamortized Debenture Issue Expenses of ₹220.39 Million (PY ₹ 295.05 Million)

(ii) Disclosure of Investments

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Value of Investments		
Gross value of Investments*	**28,109.45**	**12,066.59**
(a) In India	28,109.45	12,066.59
(b) Outside India	-	-
Provision for depreciation/diminution	**3,620.91**	**24.02**
(a) In India	3,620.91	24.02
(b) Outside India	-	-
Net value of investments	**24,488.54**	**12,042.57**
(a) In India	24,488.54	12,042.57
(b) Outside India	-	-
Movement of provisions held towards depreciation on Investments		
Opening Balance	24.02	290.78
Add: Provision made during the year	3,620.91	-
Less : Write -off / write-back of excess provisions during the year	(24.02)	(266.76)
Closing balance	**3,620.91**	**24.02**

* Includes Mark to Market Gain of ₹ 685.67 Million (P.Y ₹ 82.75 million)

(iii) Derivatives:

(a) Forward Rate Agreement / Interest Rate Swap

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
The notional principal of Forward/swap agreements	43,898.78	46,351.29
Losses which would be incurred if counterparties failed to fulfill their obligation under the agreements.	-	-
Collateral required by the NBFC upon entering into swaps	-	-
Concentration of credit risk arising from the swaps	-	-
The fair value of swap book	(850.49)	(769.81)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(b) Exchange traded Interest Rate "IR" derivatives

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Notional principal amount of exchange traded IR derivatives undertaken		
- Forward Rate agreements	-	-
Total	**-**	**-**
Notional principal amount of exchange traded IR derivatives outstanding		
- Forward Rate agreements	-	-
Total	**-**	**-**
Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	-	-
Mark to market value of exchange traded IR derivative outstanding and not highly effective	-	-

(c) Disclosures on Risk Exposure in Derivatives:

(I) Qualitative disclosure:

a) Structure and organization for management of risk in derivatives trading:

The Board of Directors, the Asset Liability Management Committee (ALCO) and the Risk Management Committee (RMC) are entrusted with the management of risks in derivatives.

The philosophy and framework for the derivative business is laid out in the Board approved policies including limits. It also reviews the market risk exposures of derivatives against the limits. The Risk Management Committee reviews all risks on a consolidated basis and also reviews stress testing.

The monitoring and measurement of risk in derivatives is carried out by the Risk Department. The Risk Department is independent of the Treasury Front office, back office and directly reports into the Chief Risk Officer.

b) Scope and nature of risk measurement, risk reporting and risk monitoring systems:

All significant risks of the derivative portfolio are monitored and measured daily. The Risk Department measures and reports Market Risk metrics like VaR, PV01, Option Greeks like Delta, Gamma, Vega, Theta, Rho, etc. The Credit Risk from the derivatives portfolio is also measured daily.

The Risk Department monitors these exposures against the set limits and also reviews profitability on a daily basis. MIS is sent to relevant teams on a periodic basis. Exception reports are also sent so that emerging risks are reviewed and managed on a timely basis. Stress testing is also performed on the Derivative portfolio.

c) Policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigants:

The Board Approved 'Hedging Policy' details the hedging strategies, hedging processes, accounting treatment, documentation requirements and effectiveness testing for hedges.

Hedges are monitored for effectiveness periodically, in accordance with the Board Approved Policy.

d) Accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation:

Initial and additional margin paid over and above initial margin for entering into contracts for Equity Index/ Stock Futures/Currency Futures/Interest Rate Futures and/or Equity Index/Stock Options/ Currency Options as the case may be ("Derivatives Portfolio") which are released on final settlement/squaring-up of underlying contracts are disclosed under the head "Other Current Assets".

"Equity Index/Stock Option/Currency Option Premium Account" represents premium paid or received for buying or selling the Options, respectively which is amortized over the period of contract.

On final settlement or squaring up of contracts for Derivatives Portfolio, the realized profit or loss after adjusting the unrealized loss already accounted, if any, is recognized in the Statement of Profit and Loss. On settlement or squaring up of Derivatives Portfolio before expiry, the premium, prevailing in "Equity Index/Stock Option/ Currency Option Premium Account" on that date is recognized in the Statement of Profit and Loss.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

As at the Balance Sheet date, the Mark to Market/Unrealized Profit/(Loss) on all outstanding Derivative portfolio comprising of Securities and Equity/Currency Derivatives positions is determined on scrip basis with net unrealized losses on scrip basis being recognized in the Other Comprehensive Income.

(II) Quantitative Disclosure

(₹ in Millions)

	FY 2021-22		FY 2020-21	
	Currency Derivatives	**Interest Rate Derivatives**	**Currency Derivatives**	**Interest Rate Derivatives**
Derivatives (Notional Principle Amount):				
- For hedging *	36,943.78	6,955.00	39,396.29	6,955.00
Marked to market positions:				
a) Asset	458.53	185.60	416.88	-
b) Liability	1,494.62	-	973.81	212.88
Credit Exposure	-	-	-	-
Unhedged Exposures	-	-	-	-

* The Company has opted for hedge accounting under IND AS 109 as stated under the significiant accounting policies.

(iv) Disclosures pertaining to securitization transactions

The Company sells loans through securitization and direct assignment.

(A) The information on securitization done by the Company as an originator is given below:

(₹ in Millions)

Particulars	March 31, 2022	March 31, 2021
Total number of loan assets under par structure	299,960	572,218
Total book value of loan assets	16,820.00	31,650.00
Sale consideration received	16,820.00	31,650.00

The information on securitization of the Company as an originator in respect of outstanding amount of securitized assets is given below:

(₹ in Millions)

Particulars	March 31, 2022	March 31, 2021
No. of SPVs sponsored by the company for securitization transactions	12	20
Total amount of securitized assets as per the books of SPVs sponsored by the company	19,892.33	33,031.37
Total amount of exposures retained by the company to comply with MRR as on the date of Balance Sheet	-	-
Other amount of Securtized assets as per the books of SPV sponsored by the company	-	6,106.80
a) Off - Balance Sheet Exposures		
First Loss	-	-
Others	-	602.90
b) On - Balance Sheet Exposures		
First Loss	2,267.29	3,096.84
Investment in PTC	-	-
Overcollateralization	2,364.98	2,312.07
Amount of exposures to securitization transaction other than MRR	20.67	26.94
a) Off - Balance Sheet Exposures		
i) Exposures to own securitizations		
First Loss	-	-
Others	-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Particulars	March 31, 2022	March 31, 2021
ii) Exposures to third party securitizations		
First Loss	-	-
Others	-	-
b) On - Balance Sheet Exposures		
i) Exposures to own securitizations		
First Loss	-	-
Others	-	-
ii) Exposures to third party securitizations		
First Loss	-	-
Others	-	-

(B) The information on direct assignment of the Company as an originator in respect of par transaction done during the year is given below:

(₹ in Millions)

Particulars	March 31, 2022	March 31, 2021
Total number of loan assets under par structure	1,187,478	1,083,460
Total book value of loan assets	87,066.31	60,807.91
Sale consideration received	87,066.31	60,807.91

The information on direct assignment of the Company as an originator in respect of outstanding amount of assets assigned under par structure is given below:

(₹ in Millions)

Particulars	March 31, 2022	March 31, 2021
No. of transactions assigned by the Company	34	22
Total amount outstanding	79,742.37	50,241.91
Total amount of exposures retained by the company to comply with MRR as on the date of Balance Sheet	7,974.24	4,953.93
a) Off - Balance Sheet Exposures		
First Loss	-	-
Others	-	-
b) On - Balance Sheet Exposures		
First Loss	-	-
Investment in PTC	-	-
Exposures to own assigned transactions	-	-
Amount of exposures to assigned transaction other than MRR	-	-
a) Off - Balance Sheet Exposures		
i) Exposures to own assigned transactions		
First Loss	-	-
Others	-	-
ii) Exposures to third party assigned tranactions		
First Loss	-	-
Others	-	-
b) On - Balance Sheet Exposures		
i) Exposures to own assigned transactions		
First Loss	-	-
Others	-	-
ii) Exposures to third party assigned tranactions		
First Loss	-	-
Others	-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(v) Asset liability management maturity pattern

As at March 31, 2022

(₹ in Millions)

Particulars	Upto 30/31 days	Over 1 month upto 2 month	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 year	Over 3 year & upto 5 year	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Loans & Advances*	14,242.80	14,375.09	11,912.52	21,526.17	16,784.21	34,379.40	5,516.38	1,560.85	120,297.42
Other Advances	1,066.18	1,168.32	1,523.72	3,785.64	688.33	-	-	310.86	8,543.05
Investments	-	-	-	-	197.78	833.00	9,354.42	14,103.34	24,488.54
Borrowings (Includes foreign currency borrowings)	1,942.67	5,457.51	4,755.50	6,765.25	19,379.18	93,412.26	12,587.68	18,159.85	162,459.90
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

* Net of ECL Provision of ₹ 5,953.24 Million

As at March 31, 2021

(₹ in Millions)

Particulars	Upto 30/31 days	Over 1 month upto 2 month	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 year	Over 3 year & upto 5 year	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Loans & Advances*	12,449.66	14,325.64	14,105.87	30,540.17	28,442.94	34,380.50	1,905.42	1,922.57	138,072.77
Other Advances	3,829.38	2,627.41	3,287.52	660.16	-	7,020.21	-	445.56	17,870.24
Investments	-	-	-	-	-	189.24	-	11,853.33	12,042.57
Borrowings (Includes foreign currency borrowings)	4,863.02	5,987.08	5,294.83	17,200.33	34,415.23	67,214.46	16,267.88	11,757.75	163,000.58
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

* Net of ECL Provision of ₹ 8,329.72 Million

Note : EIR on borrowings has been considered in the last bucket.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(vi) Exposure to Real Estate Sector

(₹ in Millions)

Category	March 31, 2022	March 31, 2021
a) Direct Exposure		
(i) Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	17,704.53	30,288.27
(ii) Commercial Real Estate		
Lending secured by mortgages on commercial real estate (office buildings, retail space, multi-purpose commercial premises, multi-family residentail building, multi tenanted commercial premises. industrial or warehouse space, hotels, land acquisition, development and construction, etc.) Exposure would also include non-fund based limits.	6,364.10	5,300.72
(iii) Investments in Mortgage back securities (MBS) and other securitized exposure-		
(a) Residential	-	-
(b) Commercial real estate	-	-
Total Direct Exposure (A)	**24,068.63**	**35,588.99**
b) Indirect Exposure (B)	**29,007.37**	**23,224.90**
Total Exposure to Real Estate Sector (A+B)	**53,076.00**	**58,813.89**

Note: Exposure includes amount outstanding including principal and interest overdue but excluding sanctioned undisbursed amounts.

(vii) Exposure to Capital Market:

(₹ in Millions)

Particulars	March 31, 2022	March 31, 2021
(i) Direct investment in equity shares, convertibles bonds, convertible debentures and unit of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	0.04	118.18
(ii) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investments in shares (including IPOs/ ESOPs), convertible bonds, convertible debentures, and unit of equity-oriented mutual funds;	5,294.16	2,697.00
(iii) Advances for any other purpose where shares or convertible bonds or convertibles debentures or units of equity-oriented mutual funds are taken as primary security;	68.28	1,598.32
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or unit or equity-oriented mutual funds i.e. where the primary security other than shares/ convertible bonds / convertible debentures / units of equity-oriented mutual funds does not fully cover the advances;	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbroker and market makers;	-	-
(vi) Loan sanctioned to corporates against the security of shares/bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) Bridge loans to companies against expected equity flows/issues;	-	-
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	9,552.17	71.05
Total Exposure to Capital Market	**14,914.65**	**4,484.55**

Note:

(a) Exposure includes amount outstanding including principal and interest overdue.

(b) The above excludes direct equity and debt investment in own subsidiary companies.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(viii) No penalty has been imposed during the year by RBI or other regulators.

(ix) Details of Credit Ratings:

A) Ratings assigned by Credit Rating Agencies:

(₹ in Millions)

Rating Agency	Product	As at March 31, 2022		As at March 31, 2021	
		Amount	Rating assigned	Amount	Rating assigned
CARE Ratings Limited	Non Convertible Debenture	8,250	CARE AA; Stable [Double A; Outlook: Stable]	8,250	CARE AA; Negative (Double A; Outlook: Negative)
CARE Ratings Limited	Long Term Bank Facilities	4,000	CARE AA; Stable [Double A; Outlook: Stable]	4,000	CARE AA; Negative (Double A; Outlook: Negative)
CARE Ratings Limited	Subordinate Debt	1,000	CARE AA; Stable [Double A; Outlook: Stable]	1,000	CARE AA; Negative (Double A; Outlook: Negative)
ICRA Limited	Non Convertible Debentures Programme	88,663	[ICRA]AA ;Stable	49,033	[ICRA] AA(Negative) reaffirmed
ICRA Limited	Commercial Paper programme	80,000	[ICRA]A1+; reaffirmed	80,000	[ICRA]A1+; reaffirmed
ICRA Limited	Subordinate Debt Programme	7,450	[ICRA]AA ;Stable	7,450	[ICRA] AA(Negative) reaffirmed
ICRA Limited	Long Term Bank Lines	57,750	[ICRA]AA ;Stable	57,750	[ICRA] AA(Negative) reaffirmed
ICRA Limited	Long Term Principle Protected Equity Linked Debenture Programme	5,000	PP-MLD[ICRA] AA ; Stable	5,000	PP-MLD[ICRA]AA (Negative) reaffirmed
ICRA Limited	Long Term Principle Protected Market Linked Debenture Programme	3,640	PP-MLD[ICRA] AA ; Stable	3,640	PP-MLD[ICRA]AA (Negative) reaffirmed
ICRA Limited	Commercial Paper programme (IPO financing)	80,000	[ICRA]A1+; reaffirmed	80,000	[ICRA]A1+; reaffirmed
ICRA Limited	Non convertible debenture programme	-	-	42,490	[ICRA]AA (Negative); reaffirmed
CRISIL Limited	Non Convertible Debentures *	50,000	CRISIL AA/Stable (Reaffirmed)	50,000	CRISIL AA/Stable (Reaffirmed)
CRISIL Limited	Subordinate Debt	3,484	CRISIL AA/Stable (Reaffirmed)	3,484	CRISIL AA/Stable (Reaffirmed)

Rating Agency	Product	As at March 31, 2022		As at March 31, 2021	
		Amount	Rating assigned	Amount	Rating assigned
CRISIL Limited	Long Term Principal Protected Market Linked Debentures	15,000	CRISIL PP-MLD AAr/Stable (Reaffirmed)	15,000	CRISIL PP-MLD AAr/Stable (Reaffirmed)
CRISIL Limited	Commercial Paper programme (IPO financing)	80,000	CRISIL A1+ (Reaffirmed)	80,000	CRISIL A1+ (Reaffirmed)
CRISIL Limited	Commercial Paper	85,000	CRISIL A1+ (Reaffirmed)	85,000	CRISIL A1+ (Reaffirmed)
CRISIL Limited	Total Bank Loan Facilities Rated (Long Term Rating)	20,000	CRISIL AA/Stable (Reaffirmed)	20,000	CRISIL AA/Stable (Reaffirmed)
CRISIL Limited	Non Convertible Debentures	28,250	CRISIL AA/ Stable	28,250	CRISIL AA/ Stable
CRISIL Limited	Non Convertible Debentures *	24,020	CRISIL AA/ Stable	24,020	CRISIL AA/ Stable
Brickwork Ratings	NCDs (Public Issue)*	15,138	BWR AA+ Negative Reaffirmed	50,000	BWR AA+ Negative Reaffirmed with outlook Negative
Brickwork Ratings	Non Convertible Debentures	8,423	BWR AA+ Negative Reaffirmed	13,050	BWR AA+ Negative Reaffirmed with outlook Negative
Brickwork Ratings	Secured Non Covertible Debentures	50	BWR AA+ Negative Reaffirmed	500	BWR AA+ Negative Reaffirmed with outlook Negative
Brickwork Ratings	Unsecured Subordinated Non Covertible Debentures	-	-	350	BWR AA+ Negative Reaffirmed with outlook Negative
Moody's	Corporate family rating (CFR)	-	-	NA	B2 / Stable
Moody's	Long-term foreign- and local-currency senior secured ratings to USD 1 Billion Medium Term Note (MTN) program	USD 1000	B2 / Stable	USD 1000	B2 / Stable
Fitch	Senior secured notes issued under USD 1 Billion Medium Term Note (MTN) Programme	USD 1000	B+ / Affirmed	USD 1000	B+ / Stable
Fitch	Senior secured notes issued under USD 400 Million bond	-	-	USD 400	B+ / Stable
Fitch	Long-Term Issuer Default Rating (IDR)	-	B+	-	-

*Interchangeable between secured and subordinated debt.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

B) Details of migration of credit ratings during the year.

Rating Agency	Product	Rating assigned	Migration in ratings during the year
CARE Ratings Limited	Non Convertible Debenture^	CARE AA; Stable (Double A; Outlook: Stable)	Change in outlook from CARE AA (Negative) to CARE AA (Stable)
CARE Ratings Limited	Long Term Bank Facilities^	CARE AA; Stable (Double A; Outlook: Stable)	Change in outlook from CARE AA (Negative) to CARE AA (Stable)
CARE Ratings Limited	Subordinate Debt^	CARE AA; Stable (Double A; Outlook: Stable)	Change in outlook from CARE AA (Negative) to CARE AA (Stable)
ICRA	Non-convertible Debenture Programme	[ICRA]AA ;Stable	Change in outlook from ICRA AA (Negative) to ICRA AA (Stable)
ICRA	Non-convertible Debenture Programme	[ICRA]AA ;Stable	Change in outlook from ICRA AA (Negative) to ICRA AA (Stable)
ICRA	Subordinated Debt Programme	[ICRA]AA ;Stable	Change in outlook from ICRA AA (Negative) to ICRA AA (Stable)
ICRA	Long-term Bank Lines	[ICRA]AA ;Stable	Change in outlook from ICRA AA (Negative) to ICRA AA (Stable)
ICRA	Non-convertible Debenture Programme	[ICRA]AA ;Stable	Change in outlook from ICRA AA (Negative) to ICRA AA (Stable)
ICRA	Long-term Principal Protected Equity Linked Debenture Programme	PP-MLD[ICRA]AA ; Stable	Change in outlook from PP-MLD[ICRA]AA (Negative) to PP-MLD[ICRA]AA (Stable)
ICRA	Long-term Principal protected Market Linked Debenture Programme	PP-MLD[ICRA]AA ; Stable	Change in outlook from PP-MLD[ICRA]AA (Negative) to PP-MLD[ICRA]AA (Stable)

(x) No registration has been obtained from other financial regulators.

(xi) Considering the nature of the business of the entity and transactions entered during the year ended March 31, 2022 & March 31, 2021 following are having Nil disclosure:

a. Draw down from reserves.

b. Overseas assets (for those with joint ventures and subsidiaries abroad).

c. Off- Balance Sheet SPVs sponsored.

d. Financing of parent company products.

e. Postponement of revenue recognition.

(xii) The Company during the year ended has not exceeded single borrower limit (SGL)/ group borrower limit (GBL) while performing its lending operations.

(xiii) Remuneration paid to Non Executive Directors:

(₹ in Millions)

Particulars	FY 2021-22	FY 2020-21
Mr. Arun Kumar Purwar	2.17	0.88
Mrs. Geeta Mathur	2.38	1.41
Mr. Nilesh Vikamsey	2.44	1.56
Mr. Ramakrishnan Subramanian (w.e.f September 06, 2021)	0.69	-
Mr. Vibhore Sharma (w.e.f July 01, 2021)	1.04	-
Mr. Vijay Kumar Chopra	2.50	1.51
Total	**11.22**	**5.36**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(xiv) Details of Provisions and Contingencies

(₹ in Millions)

Particulars	FY 2021-22	FY 2020-21
Provision for depreciation on investment	3,596.88	(266.76)
Provision towards non performing advances	(485.59)	(886.06)
Other Provision and Contingencies:		
Bad debts written off/(back)	7,238.32	5,686.45
Provision for Contingencies/Other financial assets	(83.24)	289.58
Provision for Standard Assets	(1,674.02)	2,577.17
Total	**8,592.36**	**7,400.37**
Provision made towards Income Tax	2,218.91	849.18

(xv). Details Of Concentration Of Advances, Exposures & NPA:

a) Concentration of Advances

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Total advances to twenty largest borrowers	23,602.93	28,318.14
Outstanding Advances	126,250.66	146,402.49
Percentage of advances to twenty largest borrowers to total advances	18.70%	19.34%

b) Concentration of Exposures

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Total Exposure to twenty largest borrowers / customers	34,474.96	33,768.54
Percentage of exposure to twenty largest borrowers / customers to total exposure	24.40%	21.61%

c) Concentration of NPAs

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Total exposure to top four NPA accounts	1,240.09	537.64

d) Details Of Sectorwise NPA:

	% of NPAs to total advances in that sector	
Particulars	**As at March 31, 2022**	**As at March 31, 2021**
Agriculture & allied activities	0.00%	0.00%
MSME	10.33%	11.09%
Corporate borrowers	4.57%	1.23%
Services	0.00%	0.00%
Unsecured personal loans	5.88%	6.97%
Auto Loans	0.00%	0.00%
Other loans*	0.90%	1.19%

* Other loans include all loans that cannot be classified under any of the other sectors.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(xvi). Movement of NPAs:

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Net NPAs to Net Advances (%)	**1.63%**	**0.98%**
(ii) Movement of NPAs (Gross)		
(a) Opening balance*	4,080.43	5,448.72
(b) Addition during the year	2,740.24	2,813.84
(c) Reduction during the year	(2,758.61)	(4,182.13)
(d) Closing balance*	4,062.06	4,080.43
* Includes Interest of ₹ 397.59 million (P.Y ₹ 560.88 million)		
(iii) Movement of Net NPAs		
(a) Opening balance	1,432.46	1,157.31
(b) Addition during the year	1,605.12	1,092.40
(c) Reduction during the year	(974.60)	(817.25)
(d) Closing balance	2,062.98	1,432.46
(iv) Movement of provision for NPAs (excluding provision on standard assets)		
(a) Opening balance**	2,647.97	4,291.41
(b) Addition during the year	1,135.11	1,721.43
(c) Reduction during the year	(1,784.00)	(3,364.87)
(d) Closing balance**	1,999.08	2,647.97
** Includes Interest of ₹ 397.59 Million (P.Y ₹ 560.88 million)		

Note: The above has been computed basis EAD for credit impaired advances.

(xvii). Disclosure of Complaints:

Particulars	FY 2021-22	FY 2021-21
i. Number of complaints pending at the beginning of year	11	5
ii. Number of complaints received during the year	3,370	1,007
iii. Number of complaints redressed during the year	3,369	1,001
iv. Number of complaints pending at the end of the year	12	11

Note: It excludes any customer complaints received and redressed by Fintech Partners of the Company

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(xviii) Disclosure of restructured accounts:

Details for FY 2021-22

(₹ in Millions)

Sr. No.	Type of Restructuring		Under CDR Mechanism / SME Debt Restructuring Mechanism					Others					Total
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	
1	Restructured Accounts as on April 1 of the FY 2021 (opening figures)*	No. of borrowers	-	-	-	-	-	4,062	12	23	708	4,805	4,805
		Amount outstanding	-	-	-	-	-	2,323.19	5.49	177.38	266.05	2,772.11	2,772.12
		Provision thereon	-	-	-	-	-	213.96	4.34	87.96	225.04	531.31	531.31
2	Fresh restructuring during the year 2021-2022	No. of borrowers	-	-	-	-	-	867	105	-	115	1,087	1,087
		Amount outstanding	-	-	-	-	-	472.05	852.13	-	51.01	1,375.19	1,375.19
		Provision thereon	-	-	-	-	-	74.61	384.38	-	41.57	500.56	500.56
3	Upgradations to restructured standard category during the FY 2021-2022[1]	No. of borrowers	-	-	-	-	-	60	8	(2)	(66)	-	-
		Amount outstanding	-	-	-	-	-	35.84	4.21	(3.36)	(31.86)	4.83	4.83
		Provision thereon	-	-	-	-	-	6.21	1.63	(1.63)	(26.51)	(20.30)	(20.30)
4	Increase / Decrease in existing restructured accounts	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	136.16	-	(0.00)	0.27	136.43	136.43
		Provision thereon	-	-	-	-	-	156.41	-	0.10	(2.29)	154.22	154.22
5	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY 2021 and hence need not be shown as restructured standard advances at the beginning of the next FY 2022	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-
6	Downgradations of restructured accounts during the FY 2021-2022[2]	No. of borrowers	-	-	-	-	-	(931)	334	-	597	-	-
		Amount outstanding	-	-	-	-	-	(466.46)	233.39	-	259.11	26.04	26.04
		Provision thereon	-	-	-	-	-	(42.23)	46.35	-	206.68	210.80	210.80
7	Fully recovered / Write-offs of restructured accounts during the FY 2021-2022	No. of borrowers	-	-	-	-	-	(849)	(8)	(15)	(374)	(1,246)	(1,246)
		Amount outstanding	-	-	-	-	-	(466.17)	(4.02)	(169.89)	(172.48)	(812.56)	(812.56)
		Provision thereon	-	-	-	-	-	(60.09)	(3.11)	(84.33)	(147.36)	(294.89)	(294.89)
8	Restructured Accounts as on March 31 of the FY 2022 (closing figures*)	No. of borrowers	-	-	-	-	-	3,209	451	6	980	4,646	4,646
		Amount outstanding	-	-	-	-	-	2,034.60	1,091.20	4.13	372.09	3,502.02	3,502.02
		Provision thereon including provision for diminution in fair value	-	-	-	-	-	348.86	433.60	2.11	297.13	1,081.70	1,081.70

* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable).

[1]PD & LGD rate of last year has been considered for calculation

[2]For accounts which have transitioned from one asset category to another, March'21 provision has been considered for previous asset category and March'22 Provision has been considered for updated asset category

Details of MSME Accounts Restructured as per instructions given by RBI in its circular dated January 1, 2019:

No. of Accounts Restructured	Amount (₹ in Million)
3,209	2,034.59

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(xviii) Disclosure of restructured accounts:

Details for FY 2020-21

(₹ in Millions)

Sr. No.	Type of Restructuring		Under CDR Mechanism / SME Debt Restructuring Mechanism					Others					Total
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	
1	Restructured Accounts as on April 1 of the FY 2020 (opening figures)*	No. of borrowers	-	-	-	-	-	470	97	20	828	1,415	1,415
		Amount outstanding	-	-	-	-	-	219.66	73.30	149.98	352.85	795.80	795.80
		Provision thereon	-	-	-	-		16.89	50.33	74.91	298.05	440.18	440.18
2	Fresh restructuring during the year 2020-2021	No. of borrowers	-	-	-	-	-	3,953	6	-	234	4,193	4,193
		Amount outstanding	-	-	-	-	-	2,259.75	3.20	-	132.35	2,395.30	2,395.30
		Provision thereon	-	-	-	-	-	207.73	2.41	-	111.81	321.96	321.96
3	Upgradations to restructured standard category during the FY 2020-2021	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-
4	Increase / Decrease in existing restructured accounts[1]	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	(5.73)	(0.33)	(1.45)	(1.87)	(9.38)	(9.38)
		Provision thereon	-	-	-	-	-	(0.46)	(0.28)	(0.71)	(1.52)	(2.97)	(2.97)
5	"Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY 2021 and hence need not be shown as restructured standard advances at the beginning of the next FY 2022"	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-
6	Downgradations of restructured accounts during the FY 2020-2021[2]	No. of borrowers	-	-	-	-	-	(183)	(34)	8	209	-	-
		Amount outstanding	-	-	-	-	-	(67.83)	(41.12)	44.85	56.47	(7.63)	(7.63)
		Provision thereon	-	-	-	-	-	(6.33)	(23.14)	23.73	51.14	45.39	45.39
7	Fully recovered / Write-offs of restructured accounts during the FY 2020-2021	No. of borrowers	-	-	-	-	-	(178)	(57)	(5)	(563)	(803)	(803)
		Amount outstanding	-	-	-	-	-	(82.66)	(29.56)	(16.00)	(273.75)	(401.97)	(401.97)
		Provision thereon	-	-	-	-	-	(3.87)	(24.98)	(9.97)	(234.45)	(273.26)	(273.26)
8	Restructured Accounts as on March 31 of the FY 2021(closing figures)*	No. of borrowers	-	-	-	-	-	4,062	12	23	708	4,805	4,805
		Amount outstanding	-	-	-	-	-	2,323.19	5.49	177.38	266.05	2,772.11	2,772.12
		Provision thereon including provision for diminution in fair value	-	-	-	-	-	213.96	4.34	87.96	225.03	531.30	531.30

* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable).

[1]PD & LGD rate of last year has been considered for calculation

[2]For accounts which have transitioned from one asset category to another, Mar'20 provision has been considered for previous asset category and Mar'21 Provision has been considered for updated asset category

Details of MSME Accounts Restructured as per instructions given by RBI in its circular dated January 1, 2019:

No. of Accounts Restructured	Amount (₹ in Million)
3,004	1,660.14

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(xix) Asset Classification

(₹ in Millions)

Particulars	Outstanding Balance	Provision
Standard Assets	128,220.10	4,044.14
	(158,217.21)	(5,718.16)
Sub-Standard Assets	2,852.10	1,270.39
	(3,168.10)	(1,948.53)
Doubtful Assets	1,209.97	728.71
	(912.32)	(699.43)
Loss Assets	-	-
	-	-

Note:

a. ECL provisioning for Stage 1,2 & SICR of ₹ 4,044.15 Million (P.Y ₹ 5,718.16 Million) consists of interest accrued but not due and Interest overdue of ₹ 461.55 Million (P.Y ₹ 660.60 Million).

b. Asset classification is as per Reserve Bank of India guidelines and provision is as per Expected Credit Loss methodology as per IND AS which is higher than the minimum required as per prudential norms.

c. As the ECL provisions is higher than provision required under IRACP (Income Recognition, Assets Classification & Provisioning) there is no requirement to create Impairement allowance.

d. Figures in bracket represent previous year's figures.

(xx) Particulars as per RBI Directions as required in terms of paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016:

1. Loans and advances availed by the NBFCs inclusive of interest accrued there on but not paid:

(₹ in Millions)

Particulars		March 31, 2022				March 31, 2021			
		Principal Amount outstanding	Interest Accrued but not due	Amount overdue	Total	Principal Amount outstanding	Interest Accrued but not due	Amount overdue	Total
Liability side:									
a)	Debentures								
	Secured	24,750.96	1,094.58	-	25,845.54	23,468.81	1,097.55	-	24,566.36
	Unsecured (other than falling within the meaning of public deposits)	13,047.41	648.98	-	13,696.39	16,112.47	1,261.51	-	17,373.98
(b)	Deferred credits	-	-	-	-	-	-	-	-
(c)	(i) Term loans from Banks	67,063.88	78.32	-	67,142.20	40,286.95	54.65	-	40,341.60
	(ii) Term loans from Financial Institutions	7,538.87	53.91	-	7,592.78	7,311.00	53.91	-	7,364.91
	(iii) Secured Medium Term Notes	24,450.29	757.00	-	25,207.29	28,037.95	842.42	-	28,880.37
(d)	Inter–corporate loans and borrowings	-	-	-	-	-	-	-	-
(e)	Commercial Paper	0.00	-	-	0.00	-	-	-	-
(f)	Other Loans (Overdraft)	3,200.94	0.51	-	3,201.45	5,433.07	6.16	-	5,439.24
(g)	Securitization	19,774.25	-	-	19,774.25	39,034.07	-	-	39,034.07
Total		**159,826.60**	**2,633.30**	**-**	**162,459.90**	**159,684.33**	**3,316.21**	**-**	**163,000.54**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

2. Break – up of Loans and Advances including Bills Receivables [Other than included in (4) below]:

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Assets side (Gross Value)		
(a) Secured	114,784.74	140,384.29
(b) Unsecured	20,008.96	23,888.41
Total	**134,793.70**	**164,272.70**

Note: The above include overdue principal.

3. Break- up of leased assets and stock on hire and other assets counting towards AFC activities:

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Lease assets including lease rentals under sundry debtors		
(a) Financial lease	-	-
(b) Operating lease	-	-
(ii) Stock on hire including hire charges under sundry debtors		
(a) Assets on hire	-	-
(b) Repossessed Assets	-	-
(iii) Other Loans counting towards AFC activities		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-

4. Break–up of Investments (Net of Provisions):

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Current Investments :		
1 Quoted :		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	0.04	-
(iv) Government Securities		
(v) Others (Certificate of Deposits)	-	-
2 Unquoted:		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
Total (A)	**0.04**	**-**
Long Term Investments :		
1 Quoted:		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
2 Unquoted:		
(i) Shares:		
(a) Equity of subsidiary companies	14,103.33	11,853.33
(b) Preference of subsidiary companies	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	118.18
(iv) Government Securities	-	-
(v) Others		
(a) Security Receipts	833.00	-
(b) Alternative Investment Funds	9,552.17	71.06
Total (B)	**24,488.50**	**12,042.57**
Grand Total (A+B)	**24,488.54**	**12,042.57**

5. Borrower Group-wise Classification of all assets financed as in (2) and (3) above:

(₹ in Millions)

Category	As at March 31,2022			As at March 31,2021		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties	**-**	**2.02**	**2.02**	**-**	**-**	**-**
a) Subsidiaries	-	-	-	-	-	-
b) Companies in the same group	-	-	-	-	-	-
c) Other related parties*	-	2.02	2.02	-	-	-
2. Other than related parties*	**114,784.74**	**20,006.94**	**134,791.68**	**140,384.30**	**23,888.41**	**164,272.71**
Total	**114,784.74**	**20,008.96**	**134,793.70**	**140,384.30**	**23,888.41**	**164,272.71**

*Including ICD, Interest etc of ₹ 8,543.05 millions (P.Y ₹ 17,870.23 millions)

6. Investor group wise classification of all investments (Current and Long Term) in shares and securities (Both quoted and unquoted) :

(₹ in Millions)

Category	As at March 31,2022		As at March 31,2021	
	Market Value Breakup or fair value or NAV	Book value (Net of provisions)	Market Value Breakup or fair value or NAV	Book value (Net of provisions)
1 Related Parties				
a) Subsidiaries*	14,103.33	14,103.33	11,853.33	11,853.33
b) Companies in the same group	-	-	-	-
c) Other related parties	-	-	-	-
2 Other than related parties	**10,385.21**	**10,385.21**	**189.24**	**189.24**
Total	**24,488.54**	**24,488.54**	**12,042.57**	**12,042.57**

* Includes Investments in equity shares of subsidiaries carried at cost and fair value is not disclosed

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

7. Other Information:

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Gross Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties*	4,062.06	4,080.43
(ii) Net Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	2,062.98	1,432.46
(iii) Assets acquired in satisfaction of debt (Fair Value)	1,384.28	1,384.28

* Includes Interest of ₹ 397.59 Million (P.Y ₹ 560.88 Million)

(xxi) Particulars as per RBI Directions for auction details (As required in terms of paragraph 26 (4)(d) of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016:

Particulars	March 31, 2022	March 31, 2021
Number of gold loan accounts	309,450	57,058
Outstanding amount (₹ Million)	21,149.00	3,099.00
Amount recovered in auction (₹ Million)	20,875.20	3,083.30

None of the group companies have participated in the above auctions. The above details have been compiled by the Management and relied upon by the auditors.

46. UNHEDGED FOREIGN CURRENCY EXPOSURE:

The unhedged foreign currency exposure as on March 31, 2022 is Nil (P.Y Nil).

47. GOLD LOAN PORTFOLIO

As on March 31, 2022 the gold loan portfolio comprises 32.61% (P.Y. 39.16%) of the total assets of the Company.

48. SEGMENT REPORTING

The Company's primary business segments are reflected based on the principal business carried out, i.e. financing. All other activities of the Company revolve around the main business. The risk and returns of the business of the Company is not associated with geographical segmentation, hence there is no secondary segment reporting based on geographical segment. As such, there are no separate reportable segments as per the IND AS 108 on 'Segment Reporting'.

49. SHARED SERVICES

The Company operates from and uses the premises, infrastructure and other facilities and services as provided to it by its Holding Company/group companies, which are termed as 'Shared Services'. Hitherto, such shared services consisting of administrative and other revenue expenses paid for by the Company were identified and recovered/recoverable from them based on reasonable management estimates, which are constantly refined in the light of additional knowledge gained relevant to such estimation. These expenses are recovered on an actual basis and the estimates are used only where actual were difficult to determine.

50. FRAUD

During the year under review, the Company had come across frauds totalling to ₹ 118.78 Million (P.Y ₹ 138.87 Million) in respect of its lending operations. Out of the above, frauds amounting to ₹ 13.91 Million (P.Y ₹ 12.30 Million) has already been recovered. Suitable action has been taken by the Company to recover the balance amounts.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

51. DISCLOSURE OF LOAN AND ADVANCES PURSUANT TO REGULATION 53(F) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:

(₹ in Millions)

Name of Related Party	Outstanding as on March 31, 2022	Maximum Outstanding during the year
5paisa Capital Limited	-	3,500.00
IIFL Management Services Limited	-	500.00
IIFL Home Finance Limited	-	7,790.00
IIFL Securities Limited	-	5,400.00
IIFL Facilities Services Limited	-	4,620.00
IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)	-	3,500.00

(₹ in Millions)

Name of Related Party	Outstanding as on March 31, 2021	Maximum Outstanding during the year
5paisa Capital Limited	-	3,350.00
IIFL Home Finance Limited	-	2,260.00
IIFL Securities Limited	-	800.00
IIFL Facilities Services Limited	-	6,640.00
IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited)	-	3,700.00

52. DISCLOSURE PURSUANT TO SEBI CIRCULAR NO. SEBI/HO/DDHS/CIR/P/2018/144 DATED NOVEMBER 26, 2018 FOR FUND RAISING BY ISSUANCE OF DEBT SECURITIES BY LARGE ENTITIES:

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Outstanding borrowing	162,459.90	163,000.54
Highest Credit Rating During the previous FY along with name of the Credit Rating Agency	BWR AA+ (Pronounced as BWR Double A Plus) Outlook: Negative by Brickwork Ratings India Pvt Ltd	BWR AA+ (Pronounced as BWR Double A Plus) Outlook: Negative by Brickwork Ratings India Pvt Ltd

(₹ in Millions)

Details of the borrowings	FY 2021-22	FY 2020-21
i. 2 years block period	FY 2021-2022 and FY 2022-2023	N.A
ii. Incremental borrowing done (a)	52,129.88	34,960.35
iii. Mandatory borrowing to be done through issuance of debt securities (b) = (25% of a)	13,032.47	8,740.09
iv. Actual borrowings done through debt securities in FY (c)	15,629.88	15,960.35
v. Shortfall in the mandatory borrowing through debt securities, if any	Nil	Nil
vi. Reasons for short fall, if any, in mandatory borrowings through debt securities	N.A	N.A

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

53. PUBLIC DISCLOSURE ON LIQUIDITY RISK:

(i) Funding Concentration based on significant counterparty (both deposits and borrowings):

(₹ in Millions)

Number of Significant Counterparties	Amount	% of Total Deposits	% of Total Liabilities
16	80,057	NA	42.79%
(24)	(100,690)	(NA)	(54.75%)

Note : Total Liabilities represent Total Liabilities as per Balance Sheet less Total Equity

(ii) Top 20 large deposits N.A (N.A)

(iii) Top 10 borrowings:

Particulars	Amount *	% of Total Borrowings
Top 10 Borrowings	65,157.05	40.11%
	(62,363.07)	(38.26%)

* The above table excludes details of benefeciary holders of the medium term note bonds

(iv) Funding Concentration based on significant instrument/product:

(₹ in Millions)

Name of the instrument/product	Amount	% of Total Liabilities
Non Convertible Debentures	64,749.22	34.61%
	(70,820.72)	(38.51%)
Term Loans	74,735.50	39.95%
	(47,712.68)	(25.94%)
Securitisation	19,774.25	10.57%
	(39,034.07)	(21.23%)
Commercial Paper	0.00	0.00%
	0.00	(0.00%)
Cash Credit / Overdraft Facilties	3,200.94	1.71%
	(5,433.07)	(2.95%)

Note : Total Liabilities represent Total Liabilities as per Balance Sheet less Total Equity

(v) Stock Ratios:

Particulars	As at March 31, 2022	As at March 31, 2021
Commercial papers as a % of total liabilities	0.00%	0.00%
Commercial papers as a % of total assets	0.00%	0.00%
Commercial papers as a % of total public funds	0.00%	0.00%
Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	Nil	Nil
Non-convertible debentures (original maturity of less than one year) as a % of total assets	Nil	Nil
Non-convertible debentures (original maturity of less than one year) as a % of total public funds	Nil	Nil
Other short-term liabilities* as a % of total liabilities	10.83%	9.37%
Other short-term liabilities* as a % of total assets	8.76%	7.76%
*Other short-term liabilities as a % of total public funds	12.47%	10.58%

* Short Term liabilities means total of current liabilities as per note 44.1 & 44.2 to the financial statements as reduced by current portion of Debt Securities,Borrowings (other than debt securities) and Subordinated Liabilities.

(vi) Institutional set-up for Liquidity Risk Management

The Board of Directors of the Company has an overall responsibility and oversight for the management of all the risks, including liquidity risk, to which the Company is exposed to in the course of conducting its business.

The Board approves the governance structure, policies, strategy and the risk limits for the management of liquidity risk.

The Board of Directors approves the constitution of the Risk Management Committee (RMC) for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk, faced by the Company.

Further, the Board of Directors also approves constitution of Asset Liability Committee (ALCO), which functions as the strategic decision-making body for the asset-liability management of the Company from risk return perspective and within the risk appetite and guard-rails approved by the Board.

The main objective of ALCO is to assist the Board and RMC in effective discharge of the responsibilities of asset-liability management, market risk management, liquidity and interest rate risk management and also to ensure adherence to risk tolerance/limits set up by the Board.

ALCO provides guidance and directions in terms of interest rate, liquidity, funding sources, and investment of surplus funds. ALCO meetings are held once in a month or more frequently as warranted from time to time.

Note: Figures in bracket represent previous year's figures.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

54. DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA CIRCULAR NO. RBI/2019-20/170 DOR (NBFC).CC.PD.NO.109/22.10.106/2019-20 DATED MARCH 13, 2020:

As on March 31, 2022

(₹ in Million)

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Carrying Amount as per Ind AS			Loss Allowances (Provisions) as required under Ind AS 109			Net Carrying Amount	Provision Required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)			(4)			(5)=(3)-(4)	(6)	(7)=(4)-(6)
		Principal	Others	Total	Principal	Others	Total	Total	Total	Total
Standard	Stage 1	115,111.34	5,291.93	**120,403.27**	3,006.06	516.43	**3,522.49**	116,880.78	822.95	**2,699.54**
	Stage 2	7,474.84	341.99	**7,816.83**	486.48	35.19	**521.67**	7,295.15	29.90	**491.78**
Subtotal		**122,586.18**	**5,633.92**	**128,220.10**	**3,492.54**	**551.61**	**4,044.17**	**124,175.93**	**852.85**	**3,191.31**
Non Performing Assets (NPA)										
Substandard (Sub- Total -(A))	Stage 3	2,725.06	127.03	**2,852.10**	1,143.35	127.04	**1,270.39**	1,581.71	304.51	**965.88**
Doubtful										
Upto 1 Year	Stage 3	773.60	206.19	**979.79**	326.46	206.19	**532.65**	447.14	168.22	**364.43**
1 to 3 years	Stage 3	143.83	30.13	**173.96**	111.13	30.14	**141.27**	32.69	53.37	**87.90**
More than 3 years	Stage 3	21.97	34.24	**56.21**	20.53	34.25	**54.79**	1.42	21.16	**33.63**
Doubtful (Sub- Total -(B))		**939.40**	**270.57**	**1,209.97**	**458.12**	**270.58**	**728.71**	**481.25**	**242.76**	**485.95**
Loss (Sub- Total -(C))	Stage 3	-	-	**-**	-	-	**-**	-	-	**-**
Subtotal of NPA (Sub- Total -(A+B+C))		**3,664.46**	**397.62**	**4,062.05**	**1,601.47**	**397.62**	**1,999.09**	**2,062.96**	**547.26**	**1,451.83**
Other items such as guarantees, loan commitments, ICD's etc, which are in the scope of Ind AS 109 but not covered under current income Recognition, Assets Classifications and Provisioning (IRACP) norms	Stage 1	-	-	**-**	-	-	**-**	-	-	**-**
	Stage 2	-	-	**-**	-	-	**-**	-	-	**-**
	Stage 3	-	-	**-**	-	-	**-**	-	-	**-**
Subtotal		-	-	**-**	-	-	**-**	-	-	**-**
Total	Stage 1	115,111.34	5,291.93	**120,403.27**	3,006.06	516.42	**3,522.48**	116,880.78	822.95	**2,699.54**
	Stage 2	7,474.84	341.99	**7,816.83**	486.47	35.18	**521.65**	7,295.15	29.90	**491.78**
	Stage 3	3,664.46	397.62	**4,062.05**	1,601.47	397.62	**1,999.08**	2,062.96	547.26	**1,451.83**
	Total	**126,250.62**	**6,031.53**	**132,282.15**	**5,094.00**	**949.22**	**6,043.22**	**126,238.89**	**1,400.12**	**4,643.14**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

As on 31 March 2021

(₹ in Millions)

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Carrying Amount as per Ind AS			Loss Allowances (Provisions) as required under Ind AS 109			Net Carrying Amount	Provision Required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)			(4)			(5)=(3)-(4)	(6)	(7)=(4)-(6)
		Principal	Others	Total	Principal	Others	Total	Total	Total	Total
Standard	Stage 1	119,479.67	7,041.26	**126,520.93**	3,545.11	528.19	**4,073.30**	122,447.63	826.93	**3,246.38**
	Stage 2	23,403.27	1,888.39	**25,291.66**	1,070.30	132.42	**1,202.73**	24,088.93	93.61	**1,109.11**
Subtotal		**142,882.94**	**8,929.65**	**151,812.59**	**4,615.41**	**660.61**	**5,276.03**	**146,536.56**	**920.54**	**4,355.49**
Non Performing Assets (NPA)										
Substandard (Sub- Total -(A))	Stage 3	2,794.32	373.78	**3,168.10**	1,574.76	373.78	**1,948.53**	1,219.57	295.26	**1,653.27**
Doubtful										
Upto 1 Year	Stage 3	465.61	97.74	**563.35**	366.58	97.74	**464.32**	99.03	128.10	**336.22**
1 to 3 years	Stage 3	224.23	56.76	**280.99**	119.79	56.76	**176.55**	104.44	127.96	**48.59**
More than 3 years	Stage 3	35.38	32.60	**67.98**	25.96	32.60	**58.56**	9.42	35.28	**23.28**
Doubtful (Sub- Total -(B))		**725.22**	**187.10**	**912.32**	**512.33**	**187.10**	**699.43**	**212.89**	**291.34**	**408.09**
Loss (Sub- Total -(C))	Stage 3	-	-	**-**	-	-	**-**	-	-	**-**
Subtotal of NPA (Sub- Total -(A+B+C))		**3,519.54**	**560.88**	**4,080.42**	**2,087.08**	**560.88**	**2,647.96**	**1,432.46**	**586.60**	**2,061.36**
Other items such as guarantees, loan commitments, ICD's etc, which are in the scope of Ind AS 109 but not covered under current income Recognition, Assets Classifications and Provisioning (IRACP) norms	Stage 1	-	6,404.62	**6,404.62**	-	70.90	**70.90**	6,333.72	-	**70.90**
	Stage 2	-	-	**-**	-	371.24	**371.24**	(371.24)	-	**371.24**
	Stage 3	-	-	**-**	-	-	**-**	-	-	**-**
Subtotal		**-**	**6,404.62**	**6,404.62**	**-**	**442.14**	**442.14**	**5,962.48**	**-**	**442.14**
Total	Stage 1	119,479.67	13,445.88	**132,925.55**	3,545.11	599.09	**4,144.20**	128,781.35	826.93	**3,317.28**
	Stage 2	23,403.27	1,888.39	**25,291.66**	1,070.30	503.66	**1,573.96**	23,717.70	93.61	**1,480.35**
	Stage 3	3,519.54	560.88	**4,080.42**	2,087.08	560.88	**2,647.96**	1,432.46	586.60	**2,061.36**
	Total	**146,402.48**	**15,895.15**	**162,297.63**	**6,702.49**	**1,663.63**	**8,366.12**	**153,931.51**	**1,507.15**	**6,858.99**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)

55. DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA CIRCULAR NO. RBI/2019-20/88 DOR.NBFC (PD) CC. NO.102/03.10.001/2019-20 DATED NOV 04, 2019:

Liquidity Risk Management Framework

As on 31 March 2022

(₹ in Millions)

Sr. No.	Particulars	As at March 31, 2022		As at December 31, 2021		As at September 30, 2021		As at June 30, 2021	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
1	**Total High Quality Liquid Assets (HQLA)**	**13,530.93**	**13,530.93**	**13,989.13**	**13,989.13**	**6,609.20**	**6,609.20**	**6,692.57**	**6,692.57**
	Cash and Bank Balance	10,375.17	10,375.17	11,876.55	11,876.55	6,181.39	6,181.39	3,310.33	3,310.33
	Unencumbered Fixed Deposits	3,155.77	3,155.77	2,112.59	2,112.59	427.80	427.80	3,382.24	3,382.24
	Cash Outflows								
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	-	-	326.09	375.00	4,842.39	5,568.75	-	-
4	Secured wholesale funding	2,725.85	3,134.72	2,618.84	3,011.66	1,123.35	1,291.85	2,180.29	2,507.33
5	Additional requirements, of which:								
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	6,493.92	7,468.01	3,762.14	4,326.47	2,191.04	2,519.69	996.39	1,145.84
6	Other contractual funding obligations	17,857.88	20,536.56	19,682.40	22,634.76	18,915.03	21,752.28	18,835.25	21,660.54
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	**Total Cash outflows**	**27,077.65**	**31,139.29**	**26,389.46**	**30,347.88**	**27,071.81**	**31,132.58**	**22,011.93**	**25,313.71**
	Cash Inflows								
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	10,935.29	8,201.47	12,981.57	9,736.17	24,153.67	18,115.26	12,037.95	9,028.46
11	Other cash inflows	15,109.41	11,332.06	13,071.37	9,803.53	10,391.32	7,793.49	9,692.34	7,269.25
12	**Total Cash Inflows**	**26,044.70**	**19,533.53**	**26,052.94**	**19,539.70**	**34,544.99**	**25,908.74**	**21,730.29**	**16,297.72**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13	Total HQLA		13,530.93		13,989.13		6,609.20		6,692.57
14	Total Net Cash Outflows		11,605.77		10,808.18		7,783.14		9,016.00
15	Liquidity Coverage Ratio(%)		116.59%		129.43%		84.92%		74.23%

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

As on 31 March 2021

(₹ in Millions)

Sr. No.	Particulars	As at March 31, 2021		As at December 31, 2020		As at September 30, 2020		As at June 30, 2020	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
1	**Total High Quality Liquid Assets (HQLA)**	**12,589.63**	**12,589.63**	**9,574.41**	**9,496.35**	**4,211.73**	**3,980.18**	**8,373.25**	**8,148.20**
	Cash and Bank Balance	8,137.31	8,137.31	3,576.81	3,576.81	1,330.37	1,330.37	1,495.00	1,495.00
	Unencumbered Fixed Deposits	193.11	193.11	2,776.06	2,776.06	181.38	181.38	595.46	595.46
	Undrawn Sanctioned Limits	4,259.21	4,259.21	3,065.42	3,065.42	2,236.87	2,236.87	2,351.68	2,351.68
	Liquid Investments	-	-	156.12	78.06	463.10	231.55	3,931.10	3,706.05
	Cash Outflows								
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	-	-	4,196.64	4,826.14	-	-	1,700.00	1,955.00
4	Secured wholesale funding	15,694.31	18,048.46	1,385.43	1,593.25	2,873.77	3,304.84	4,358.58	5,012.37
5	Additional requirements, of which								
	(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
	(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
	(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	13,070.74	15,031.35	11,143.08	12,814.54	6,857.32	7,885.91	2,969.03	3,414.38
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	**Total Cash outflows**	**28,765.06**	**33,079.82**	**16,725.15**	**19,233.93**	**9,731.09**	**11,190.75**	**9,027.61**	**10,381.75**
	Cash Inflows								
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	27,771.61	20,828.71	14,454.78	10,841.09	11,977.09	8,982.82	5,362.03	4,021.52
11	Other cash inflows	-	-	-	-	-	-	-	-
12	**Total Cash Inflows**	**27,771.61**	**20,828.71**	**14,454.78**	**10,841.09**	**11,977.09**	**8,982.82**	**5,362.03**	**4,021.52**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13	Total HQLA		12,589.63		9,496.35		3,980.18		8,148.20
14	Total Net Cash Outflows		12,251.11		8,392.84		2,797.69		6,360.23
15	Liquidity Coverage Ratio(%)		102.76%		113.15%		142.27%		128.11%

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Qualitative Disclosure

Liquidity Coverage Ratio (LCR) aims to ensure that NBFC's maintains an adequate level of unencumbered High Quality Liquidity Asset (HQLAs) that can be converted into cash to meet liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

The Company has robust liquidity risk management framework in place that ensures sufficient liquidity including a cushion of unencumbered, high quality liquid assets, to withstand a range of stress events,including those involving the loss or impairment of both unsecured and secured funding sources. The Company has implemented the LCR framework and has maintained LCR well above the regulatory threshold.

HQLA comprises of unencumbered Bank Balances and Fixed Deposit,Cash in Hand, Liquid Investments after appropriate haircut. The Company maintains sufficient balance of Cash and Bank Balance and liquid Investments which can be easily liquidated in times of stress.

Liquidity Coverage Ratio results drive by inflow of next 30 days receivable on loans and advances and corresponding outflow over the next 30 days towards borrowings and other liabilities.

56. DISCLOSURE PURSUANT TO (SECURITIZATION OF STANDARD ASSETS) RESERVE BANK OF INDIA CIRCULAR NO./ DIRECTIONS, 2021 RBI/DOR/2021-22/85 DOR.STR.REC.53/21.04.177/2021-22 - SEPTEMBER 24, 2021

(₹ in Millions)

Sr. No.	Particulars	As on March 31, 2022	As on March 31, 2021
1	No of SPEs holding assets for securitization transactions originated by the originator (only the SPVs relating to outstanding securitization exposures to be reported here)	12	20
2	Total amount of securitized assets as per books of the SPEs	19,892.33	33,031.37
3	Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet	-	-
	Other amount of Securtized assets as per the books of SPV sponsored by the company	-	6,106.80
	a) Off-balance sheet exposures		
	• First loss	-	-
	• Others	-	602.90
	b) On-balance sheet exposures		
	• First loss	-	-
	• Others	-	-
4	**Amount of exposures to securitization transactions other than MRR**	-	
	a) Off-balance sheet exposures	-	
	i) Exposure to own securitizations		
	• First loss	-	-
	• Others	-	-
	ii) Exposure to third party securitizations		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitizations		
	• First loss	2,267.29	3,096.84
	• Others	2,385.65	2,339.01
	ii) Exposure to third party securitizations		
	• First loss	-	-
	• Others	-	-
5	Sale consideration received for the securitized assets and gain/loss on sale on account of securitization	16,820.00	31,650.00

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Sr. No.	Particulars	As on March 31, 2022	As on March 31, 2021
6	Outstanding value of services provided by way of post-securitization asset servicing.	2.18	5.75
7	Performance of facility provided:-		
	Credit enhancement		
	(a) Amount paid	2,267.29	3,096.84
	(b) Repayment received	Nil	Nil
	(c) Outstanding amount	2,267.29	3,096.84
	% of total value of facility provided	7.09%	6.06%
8	Average default rate of portfolios observed in the past.	Nil	Nil
9	Amount and number of additional/top up loan given on same underlying asset.	Nil	Nil
10	Investor complaints (a) Directly/Indirectly received and; (b) Complaints outstanding	Nil	Nil

57. DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA CIRCULAR NO. RBI/2020-21/16 DOR.NO.BP. BC/3/21.04.048/2020-21 DATED AUGUST 06, 2020 ON RESOLUTION FRAMEWORK FOR COVID-19-RELATED STRESS:

As at March 31, 2022

(₹ in Millions)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan (A)	Of (A), aggregate debt that slipped into NPA	Of (A) amount written off	Of (A) amount paid by the borrowers during the half-year ended March 31, 2022	Exposure to accounts classified as Standard consequent to implementation of resolution plan
Personal Loans	45.88	17.24	11.30	4.40	72.38
Corporate Loans *	3,909.81	461.46	501.88	1,824.33	2,004.95
of which, MSME's	2,227.66	461.30	467.76	201.95	1,893.64
Others	5.28	0.82	-	2.79	2.92
Total	**3,960.98**	**479.53**	**513.18**	**1,831.53**	**2,080.25**

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

As at March 31, 2021

(₹ in Millions)

Type of Borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan **
Personal Loans	329	45.22	-	-	1.32
Corporate Loans *#	3,849	4,598.84	-	-	(6.64)
of which, MSME's	3,823	2,245.55	-	-	200.92
Others	10	5.36	-	-	0.35
Total	**4,188**	**4,649.41**	**-**	**-**	**(4.98)**

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

#Negative provision due to closure of loan accounts.

**Increase in provision is as on March 31, 2021 compared to the date of resolution

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

58. DISCLOSURE PURSUANT TO (TRANSFER OF LOAN EXPOSURES) RESERVE BANK OF INDIA CIRCULAR NO. RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 DATED SEPTEMBER 24, 2021:

(a) Details of transferred through assignment in respect of loans not in default:

Particulars	FY 2021-22
Count of Loan accounts assigned	1,187,478
Amount of loan accounts assigned (₹ in Million)	96,740.34
Weighted average maturity (in months)	18
Weighted average holding period (in months)	4
Retention of beneficial economic interest	10%
Coverage of tangible security coverage	100%
Rating-wise distribution of rated loans	Unrated
Break-up of loans transferred / acquired through assignment / novation and loan participation	All Assignment deals
Instances where we have agreed to replace loans transferred to transferee(s) or pay damages arising out of any representation or warranty	Nil

(b) Details of stressed loans transferred during the year.

(₹ in Millions)

Particulars	As on March 31, 2022			
	To ARCs		To permitted transferees	To other transferees
	NPA	SMA		
Number of accounts	2,938	1	-	-
Aggregate principal outstanding of loans transferred	2,992.59	450.00	-	-
Weighted average residual tenor of the loans transferred	21.47	27.50	-	-
Net book value of loans transferred (at the time of transfer)	2,499.87	597.05	-	-
Aggregate consideration	5,480.00		-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-	-
Excess Provision reversed on account of transter	-	-	-	-

Note:- In addition to the above, the Company has transferred 6,332 additional loans which have been written off, having an amount outstanding of ₹ 12,342.68 Million which were part of above consideration.

No stressed loans were transferred during the previous year ended March 31, 2021.

(c) The Company has not acquired any stressed loan during the year and previous year.

(d) Details on recovery ratings assigned for Security Receipts (SR) as on 31st March, 2022:

Recovery Rating^	Anticipated recovery as per recovery rating	Book Value (₹ in Million)
RR1*	100%-150%	3,620.91
Unrated #	-	833.00
Total	**-**	**4,453.91**

^ Recovery rating is as assigned by external rating agency

Pursuant to regulatory norms, the ARC shall obtain initial rating of SRs from an approved credit rating agency within a period of six months from the date of acquisition of assets by it.

* Fully provided for

59. Previous year's figures are regrouped, reclassified and rearranged wherever considered necessary to confirm to current year's presentation.

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED

NIRMAL JAIN
Managing Director
DIN : 00010535

R. VENKATARAMAN
Joint Managing Director
DIN : 00011919

RAJESH RAJAK
Chief Financial Officer

SNEHA PATWARDHAN
Company Secretary

Place: Mumbai
Dated: April 28, 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of IIFL Finance Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

OPINION

We have audited the accompanying consolidated Ind AS financial statements of **IIFL Finance Limited** (hereinafter referred to as the 'Holding Company") its subsidiary companies and trusts with residual beneficial interest (the Holding Company, its subsidiaries and trusts with residual beneficial interest together referred to as "the Group"), which comprise the consolidated Balance Sheet as at 31st March 2022, the consolidated Statement of Profit and Loss, consolidated Statement of Changes in Equity (including Other Comprehensive Income) and the consolidated Cash Flows statement for the year then ended, and notes to the consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act and the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2022, of consolidated profit, of consolidated changes in equity and its consolidated cash flows for the year then ended.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

EMPHASIS OF MATTER

- We draw attention to Note 8.3 to the Consolidated Financial Statements, which fully describes that the Company has recognised impairment on financial assets to reflect the business impact and uncertainties arising from the COVID 19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID 19 pandemic.

  Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have not determined any key audit matters for the Group. We have determined the matters described below to be the key audit matters to be communicated in our report.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Sr. no	Key Audit Matter	Response to Key Audit Matter
1	**Information technology (IT) systems used in financial reporting process.** The Group's operational and financial processes are dependent on IT systems due to large volume of transactions that are processed daily. We therefore identified IT systems and controls over financial reporting as a key audit matter for the Group.	We obtained an understanding of the Group's IT control environment relevant to the audit. We tested the design, implementation and operating effectiveness of the Group's General IT controls over the key IT systems which are critical to financial reporting. We also tested key automated and manual controls and logic for system generated reports relevant to the audit that would materially impact the financial statements. In addition to above, we have also relied on the work of the internal auditors and system auditors.
2	**Impairment of Financial Assets held at amortised cost:** Since the loans and advances form a major portion of the Group's assets, and due to the significance of the judgments used in classifying loans and advances into various stages as stipulated in Indian Accounting Standard (IND AS) 109 and the management estimation of the related impairment provisions this is considered to be a key audit matter. The Group's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors The most significant areas are: - Segmentation of loan book - Determination of exposure at default - Loan staging criteria - Calculation of probability of default / Loss given default - Consideration of probability weighted scenarios and forward looking macro-economic factors The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. Refer note 37A.3 to the Financial Statements.	We evaluated appropriateness of the impairment principles used by management based on the requirements of Ind AS 109, our business understanding. We assessed the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge. We evaluated management's controls over collation of relevant information used for determining estimates for management overlays. We tested review controls over measurement of impairment allowances and disclosures in financial statements.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Information Other than the Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Director's report and Management Discussion and Analysis report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 (the Act) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, have adequate internal

INDEPENDENT AUDITOR'S REPORT (Contd.)

financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

The financial statements of 3 wholly owned subsidiary companies have been audited by other auditors. The financial statements of 2 subsidiary trusts have been audited by one of the joint statutory auditors of the Holding company. The financial statements of the said subsidiary companies and trusts reflect total assets of Rs. 244,170.99 million as at March 31, 2022, Group's share of total revenue of Rs. 33,035.96 million, Group's share of total net profit of Rs. 5,178.68 million and Group's share of total comprehensive income of Rs. 5,369.44 million and net cash inflows Rs. 12,927.42 million for the year ended on the date as considered in the consolidated financial statements. The reports of auditors of the said subsidiary companies and trusts have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary companies and trusts, and our report in terms of sub-section (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiary companies is based solely on the reports of the other auditors/ reports of one of the joint statutory auditors of the Holding Company.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

The Consolidated Financial Statements of the company for the previous year ended March 31,2021 were audited by one of the current joint statutory auditors who had expressed unmodified opinion vide their report dated May 06,2021.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated statement of changes in equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2022 taken on record by the Board of Directors of the Holding Company and its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

      In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the holding Company and its subsidiary incorporated in India to its managing director during the year is in accordance with the provisions of section 197 of the Act.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 38 to the consolidated financial statements.

      ii. The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

      iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

      iv. (a) The respective Managements of the Holding Company, its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, its subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      (b) The respective Managements of the Holding Company, its subsidiaries which are companies incorporated in India, whose financial statements

INDEPENDENT AUDITOR'S REPORT (Contd.)

have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds have been received by the Holding Company, its subsidiaries from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company, its subsidiaries shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) In our opinion and based on the audit procedures we have considered reasonable and appropriate in the circumstances performed by us on the Holding Company, its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The dividend declared or paid during the year by the Holding Company is in compliance with section 123 of the Companies Act, 2013.

2. With respect to the matters specified in paragraphs 3 (xxi) and 4 of the Companies (Auditor's Report Order, 2020 (the "Order"/ "CARO") issued by Central Government in terms of Section 143(11) of the Act, to be included in the Auditors report, according to the information and explanation given to us, and based on the CARO report issued by us for the Holding Company and by the statutory auditors of the three subsidiary which are companies incorporated in India, included in the consolidated financial statement of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

For **V Sankar Aiyar & Co.** Chartered Accountants (FRN: 109208W)	For **Chhajed & Doshi** Chartered Accountants (FRN: 101794W)
G. Sankar Partner M. No.046050	**M. P. Chhajed** Partner M. No. 049357
Place: **Mumbai** Date: April 28, 2022 UDIN: 22046050AHZCTN1085	Place: **Mumbai** Date: April 28, 2022 UDIN: 22049357AHZGMJ7348

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

Annexure referred to in our report of even date to the members of IIFL Finance Limited on the consolidated accounts for the year ended 31st March 2022

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of IIFL Finance Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies (hereinafter collectively referred to as "the Group") as of March 31st, 2022, which are Companies incorporated in India, as of that date

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company and its subsidiary companies are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary company which are incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary company which are incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and its subsidiary company which are incorporated in India.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other matters paragraph below , the Holding Company and subsidiary company incorporated in India have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

OTHER MATTERS

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to the subsidiary company incorporated in India, is based solely on the corresponding report of the auditor of such company incorporated in India.

Our opinion is not modified in respect of the above matters.

For **V Sankar Aiyar & Co.**
Chartered Accountants
(FRN: 109208W)

G. Sankar
Partner
M. No.046050

Place: **Mumbai**
Date: April 28, 2022
UDIN: 22046050AHZCTN1085

For **Chhajed & Doshi**
Chartered Accountants
(FRN: 101794W)

M. P. Chhajed
Partner
M. No. 049357

Place: **Mumbai**
Date: April 28, 2022
UDIN: 22049357AHZGMJ7348

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2022

(₹ in Millions)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
[1] Financial assets			
(a) Cash and cash equivalents	4	62,116.40	26,429.02
(b) Bank balance other than (a) above	5	19,452.94	21,411.54
(c) Derivative financial instruments	6	742.81	503.87
(d) Receivables			
(i) Trade receivables	7	1,831.95	1,922.77
(ii) Other receivables	7	158.00	5.10
(e) Loans	8	336,928.94	335,331.60
(f) Investments	9	11,921.61	315.71
(g) Other financial assets	10	9,237.85	4,903.70
		442,390.50	**390,823.31**
[2] Non-financial assets			
(a) Current tax assets (net)		2,341.66	2,628.37
(b) Deferred tax assets (net)	11	2,858.11	3,111.43
(c) Investment property	12	2,951.94	2,710.60
(d) Property, plant and equipment	13	1,505.22	1,042.92
(e) Capital work-in-progress	13.1	56.44	65.61
(f) Right to use assets	14	3,275.30	2,985.99
(g) Other intangible assets	15	21.12	11.45
(h) Other non-financial assets	16	3,525.95	3,150.01
(i) Assets held for sale	17	175.51	139.46
		16,711.25	**15,845.84**
Total Assets		**459,101.75**	**406,669.15**
LIABILITIES AND EQUITY			
Liabilities			
[1] Financial liabilities			
(a) Derivative financial instruments	6	1,643.91	1,565.76
(b) Payables			
(I) Trade payables	18		
(i) total outstanding dues of micro enterprises and small enterprises			
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,424.27	1,093.91
(II) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises			
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		99.06	-
(c) Finance lease obligation	14	3,606.78	3,265.02
(d) Debt securities	19	78,380.78	83,303.50
(e) Borrowings (other than debt securities)	20	253,190.28	216,243.58
(f) Subordinated liabilities	21	25,680.49	23,019.28
(g) Other financial liabilities	22	28,206.34	20,913.77
		392,231.91	**349,404.82**
[2] Non-financial liabilities			
(a) Current tax liabilities (net)		502.09	1,024.39
(b) Provisions	23	641.07	495.75
(c) Other non-financial liabilities	24	1,029.43	1,809.95
		2,172.59	**3,330.09**
Total Liabilities		**394,404.50**	**352,734.91**
[3] Equity			
(a) Equity share capital	25	759.20	757.68
(b) Other equity	25.1	63,879.09	53,117.45
(c) Non-controlling interest	25.1	58.96	59.11
		64,697.25	**53,934.24**
Total Liabilities and Equity		**459,101.75**	**406,669.15**
See accompanying notes forming part of the financial statements	1 - 47		

In terms of our report attached

For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

G. Sankar
Partner
Membership No. 046050

For Chhajed & Doshi
Chartered Accountants
Firm Registration No. 101794W

M.P. CHHAJED
Partner
Membership No. 049357

Place: Mumbai
Dated: April 28, 2022

For and on behalf of the Board of Directors of IIFL FINANCE LIMITED

NIRMAL JAIN
Managing Director
DIN : 00010535

R. VENKATARAMAN
Joint Managing Director
DIN : 00011919

RAJESH RAJAK
Chief Financial Officer

SNEHA PATWARDHAN
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in Millions)

Sr. No	Particulars	Notes	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from operations				
(i)	Interest income	26.1	61,948.69	54,212.05
(ii)	Dividend income	26.2	0.01	59.44
(iii)	Fees and commission income	27	1,531.99	1,112.55
(iv)	Net gain on fair value changes	28	770.69	1,716.05
(v)	Net gain on derecognition of financial instruments under amortized cost category	31	4,112.27	1,297.66
(I)	**Total revenue from operations**		**68,363.65**	**58,397.75**
(II)	**Other income**	29	1,699.14	1,499.14
(III)	**Total Income (I+II)**		**70,062.79**	**59,896.89**
Expenses				
(i)	Finance costs	30	29,910.05	26,258.27
(ii)	Net loss on derecognition of financial instruments under amortized cost category	31	9,042.17	6,482.98
(iii)	Impairment on financial instruments	32	(167.40)	5,203.35
(iv)	Employee benefits expenses	33	9,307.33	7,230.91
(v)	Depreciation, amortization and impairment	12, 13, 14 & 15	1,216.98	1,056.76
(vi)	Others expenses	34	5,393.82	3,616.78
(IV)	**Total Expenses (IV)**		**54,702.95**	**49,849.05**
(V)	**Profit before tax (III+IV)**		**15,359.84**	**10,047.84**
(VI)	**Tax expense:**			
	(1) Current tax	35	3,277.76	3,173.53
	(2) Deferred tax	11 & 35	193.84	(779.46)
	(3) Current tax expenses relating to previous years	36	5.74	45.67
	Total tax expense		**3,477.34**	**2,439.74**
(VII)	**Profit for the year (V-VI)**		**11,882.50**	**7,608.10**
	Attributable to:			
	Owners of the Company		11,878.93	7,601.18
	Non-controlling interest		3.57	6.92
(VIII)	**Other Comprehensive Income**			
	(A) (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of defined benefit (liabilities)/assets	35	(0.35)	21.48
	(ii) Income tax relating to items that will not be reclassified to profit or loss	11 & 35	0.09	(5.41)
	Subtotal (A)		**(0.26)**	**16.07**
	(B) (i) Items that will be reclassified to profit or loss			
	(a) Cash flow hedge (net)	35	(13.04)	(338.79)
	(b) Fair value of loans carried at FVTOCI	35	136.53	(7.64)
	(ii) Income tax relating to items that will be reclassified to profit or loss	11 & 35	(31.09)	87.19
	Subtotal (B)		**92.40**	**(259.24)**
	Other Comprehensive Income (A+B)		**92.14**	**(243.17)**
(IX)	**Total Comprehensive Income for the year**		**11,974.64**	**7,364.93**
	Attributable to:			
	Owners of the Company		11,971.12	7,358.03
	Non-controlling interest		3.52	6.90
(X)	**Earnings per equity share of face value ₹ 2 each**	36		
	Basic (₹)		31.33	20.09
	Diluted (₹)		31.14	20.04
See accompanying notes forming part of the financial statements		1 - 47		

In terms of our report attached

For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

G. Sankar
Partner
Membership No. 046050

For Chhajed & Doshi
Chartered Accountants
Firm Registration No. 101794W

M.P. CHHAJED
Partner
Membership No. 049357

Place: Mumbai
Dated: April 28, 2022

For and on behalf of the Board of Directors of IIFL FINANCE LIMITED

NIRMAL JAIN
Managing Director
DIN : 00010535

R. VENKATARAMAN
Joint Managing Director
DIN : 00011919

RAJESH RAJAK
Chief Financial Officer

SNEHA PATWARDHAN
Company Secretary

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022

(₹ in Millions)

Particulars	Notes	Year ended March 31, 2022		Year ended March 31, 2021	
A. CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax			**15,359.84**		**10,047.84**
Adjustments for:					
Depreciation, amortization and impairment	12, 13, 14 & 15	1,216.98		1,056.76	
Impairment on loans	32	(81.59)		4,842.85	
Impairment on other financial instruments		(85.82)		360.49	
(Profit)/loss on sale of assets		(3.29)		2.97	
(Gain)/Loss on termination - Ind AS 116		0.01		(9.81)	
Net (Gain)/loss on fair value changes on investment - realized		(771.98)		(1,616.74)	
Net (Gain)/loss on fair value changes on investment - unrealized		1.29		(97.86)	
Net (Gain)/loss on derecognition of financial instruments under amortized cost		(4,112.27)		(1,297.66)	
Employee benefit expenses - share based		30.98		4.36	
Employee benefit expenses - others		123.01		157.38	
Interest on loans		(59,717.13)		(53,255.64)	
Interest on deposits with banks	26.1	(900.12)		(827.29)	
Dividend Income	26.2	(0.01)		(59.44)	
Finance cost		27,354.57		25,944.34	
Interest expenses - Ind AS 116	30	307.87		269.44	
Loss/(Gain) on buy back of debentures (net)		(7.86)		(7.06)	
Income received on loans		65,763.91		47,390.69	
Interest received on deposits with banks		879.13		858.95	
Finance cost paid		(30,261.74)	(264.06)	(25,372.17)	(1,655.44)
Operating profit before working capital changes			**15,095.78**		**8,392.40**
Decrease/(increase) in financial and non financial assets		(225.91)		(2,476.44)	
Increase/(decrease) in financial and non financial liabilities		6,214.61	5,988.70	10,433.74	7,957.30
Cash (used in)/generated from operations			**21,084.48**		**16,349.70**
Taxes paid			(2,943.33)		(2,952.89)
Net cash (used in)/generated from operating activities			**18,141.15**		**13,396.81**
Loans (disbursed)/ repaid (net)			(303.88)		(49,265.29)
Net cash (used in)/generated from operating activities (A)			**17,837.27**		**(35,868.48)**
B. CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment and other intangible assets			(1,007.74)		(363.05)
Sale of property, plant and equipment and other intangible assets			11.72		20.25
Purchase of investment property			(245.14)		(63.08)
Proceeds from investments property			-		24.10
Proceeds/(Purchase) of Investments			(10,752.26)		8,658.75

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2022 (CONTD.)

(₹ in Millions)

Particulars	Notes	Year ended March 31, 2022	Year ended March 31, 2021
Dividend received		0.01	59.44
Proceeds/(Deposits) from maturity of deposits placed with Banks		2,035.46	(5,977.98)
Net cash (used in)/ generated from investing activities (B)		**(9,957.95)**	**2,358.43**
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity share capital		86.04	45.59
Payment of Stamp duty		(83.40)	-
Dividend paid (including dividend distribution tax)		(1,328.20)	(1,136.87)
Proceeds from debt securities		29,103.19	31,011.80
Repayment of debt securities		(32,741.40)	(34,101.56)
Proceeds from borrowings (other than debt securities)		121,982.11	121,238.50
Repayment of borrowings (other than debt securities)		(91,239.86)	(72,693.40)
Proceeds from subordinated liabilities		7,058.23	6,708.60
Repayment of subordinated liabilities		(4,109.71)	(6,010.29)
Payment of lease liability		(918.94)	(779.31)
Net cash (used in) / generated from financing activities (C)		**27,808.06**	**44,283.06**
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)		**35,687.38**	**10,773.01**
Add : Opening cash and cash equivalents as at the beginning of the year		26,429.02	15,656.01
Cash and cash equivalents as at the end of the year	4	**62,116.40**	**26,429.02**
See accompanying notes forming part of the financial statements	1 - 47		

In terms of our report attached

For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

G. Sankar
Partner
Membership No. 046050

Place: Mumbai
Dated: April 28, 2022

For Chhajed & Doshi
Chartered Accountants
Firm Registration No. 101794W

M.P. CHHAJED
Partner
Membership No. 049357

For and on behalf of the Board of Directors of IIFL FINANCE LIMITED

NIRMAL JAIN
Managing Director
DIN : 00010535

R. VENKATARAMAN
Joint Managing Director
DIN : 00011919

RAJESH RAJAK
Chief Financial Officer

SNEHA PATWARDHAN
Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2022

A. Equity Share Capital

(₹ in Millions)

Particulars	Balance at the beginning of the reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
As at March 31, 2022 (refer note 25)	757.68	1.52	759.20
As at March 31, 2021 (refer note 25)	756.68	1.00	757.68

B. Other Equity

(₹ in Millions)

Particulars	Share Application Money (Note 1)	Reserves & Surplus									Other Comprehensive Income			Total	Non-Controlling Interest
		Capital Reserve (Note 2)	Securities Premium Reserve (Note 3)	General Reserve (Note 4)	Special Reserve Pursuant to Section 45 IC of Reserve Bank of India Act, 1934 (Note 5)	Special Reserve Pursuant to Section 29C of National Housing Bank Act, 1987 (Note 6)	Capital Redemption Reserve (Note 7)	Debenture Redemption Reserve (Note 8)	Retained Earnings (Note 9)	Stock Compensation Reserve (Note 10)	Effective portion of Cash Flow Hedges (Note 11)	Fair value of loans carried at FVTOCI	Remeasure-ments of de-fined benefit (Note 12)		
Balance as at April 01, 2020	**-**	**838.85**	**18,352.60**	**6,524.65**	**5,582.94**	**2,068.70**	**2,301.11**	**128.04**	**11,055.30**	**174.14**	**(130.62)**	**-**	**(52.66)**	**46,843.05**	**56.40**
Profit for the year	-	-	-	-	-	-	-	-	7,601.18	-	-	-	-	7,601.18	6.92
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	(253.52)	(5.72)	16.09	(243.15)	(0.02)
Interim dividend	-	-	-	-	-	-	-	-	(1,135.41)	-	-	-	-	(1,135.41)	(1.46)
Change in minority	-	-	-	-	-	-	-	-	2.73	-	-	-	-	2.73	(2.73)
Transfer to/ from reserves	-	-	12.62	6.82	819.59	805.00	-	-	(1,624.59)	(19.44)	-	-	-	(0.00)	
Addition during the year	-	-	44.59	-	-	-	-	-	0.10	4.36	-	-	-	49.05	
Balance as at March 31, 2021	**-**	**838.85**	**18,409.81**	**6,531.47**	**6,402.53**	**2,873.70**	**2,301.11**	**128.04**	**15,899.31**	**159.06**	**(384.14)**	**(5.72)**	**(36.57)**	**53,117.45**	**59.11**
Profit for the year	-	-	-	-	-	-	-	-	11,878.93	-	-	-	-	11,878.93	3.57
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	(9.76)	102.16	(0.21)	92.19	(0.05)
Interim dividend	-	-	-	-	-	-	-	-	(1,328.20)	-	-	-	-	(1,328.20)	-
Share issue expenses	-	-	(83.40)	-	-	-	-	-	-	-	-	-	-	(83.40)	-
Change in minority	-	-	-	-	-	-	-	-	3.67	-	-	-	-	3.67	(3.67)
Transfer to/ from reserves	-	-	47.57	0.66	2,053.51	1,156.00	-	-	(3,126.57)	(48.22)	-	-	-	82.95	-
Addition during the year	-	-	84.52	-	-	-	-	-	-	30.98	-	-	-	115.50	-

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

(₹ in Millions)

Particulars	Share Application Money (Note 1)	Reserves & Surplus									Other Comprehensive Income			Total	Non-Controlling Interest
		Capital Reserve (Note 2)	Securities Premium Reserve (Note 3)	General Reserve (Note 4)	Special Reserve Pursuant to Section 45 IC of Reserve Bank of India Act, 1934 (Note 5)	Special Reserve Pursuant to Section 29C of National Housing Bank Act, 1987 (Note 6)	Capital Redemption Reserve (Note 7)	Debenture Redemption Reserve (Note 8)	Retained Earnings (Note 9)	Stock Compensation Reserve (Note 10)	Effective portion of Cash Flow Hedges (Note 11)	Fair value of loans carried at FVTOCI	Remeasure-ments of defined benefit (Note 12)		
Balance as at March 31, 2022	-	838.85	18,458.50	6,532.13	8,456.04	4,029.70	2,301.11	128.04	23,327.14	141.82	(393.90)	96.44	(36.78)	63,879.09	58.96

Notes:

1. **Share application money pending allotment:** Money received for share application for which allotment is pending.
2. **Capital Reserves:** Capital reserve is created on account of Composite Scheme of Arrangement.
3. **Securities Premium Reserve:** The amount received in excess of face value of the equity shares is recognized in Securities Premium Reserve (including debenture premium). Total additions to Securities Premium is after netting of share issue expenses.
4. **General Reserve:** The reserve can be distributed/utilized by the Group, in accordance with the Companies Act, 2013
5. **Special Reserve:** Pursuant to section 45-IC of the Reserve Bank of India Act 1934, being 20% of the profit after tax for the year of IIFL Finance Limited and Samasta Microfinance Limited has been transferred from Retained Earnings to Special Reserve.
6. **Special Reserve:** Pursuant to section 29C of the National Housing Bank Act, 1987 the Housing Finance Company ("HFC") is required to transfer atleast 20% of its net profit every year to a reserve before any dividend is declared.
7. **Capital Redemption Reserve:** This reserve has been created on redemption of preference shares capital as per section 55 of the Companies Act, 2013.
8. **Debenture Redemption Reserve:** Pursuant to Section 71 of the Companies Act, 2013 read with Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014, Non Banking Finance Company ("NBFC") and Housing Finance Company ("HFC") are required to create Debenture Redemption Reserve of a value equivalent to 25% of the debentures offered through public issue. Pursuant to Ministry of Corporate Affairs circular dated August 16, 2019, reserve is not required to be created for the Non Convertible Debentures going forward.
9. **Retained Earnings:** These are the profits that the Group has earned till date, less any transfers to Statutory Reserve, Debenture Redemption Reserve, General Reserve, Dividend distribution and capital redemption reserve.
10. **Stock Compensation Reserve:** The employee stock options reserve represents reserve in respect of equity settled share options granted to the employees of the Company and its Group in pursuance of employee stock options plan.
11. **Effective portion of Cash Flow Hedges:** This reserve refers to changes in the fair value of Derivative Financial Contracts which are designated as effective Cash Flow Hedge.
12. **Remeasurements of defined benefit:** This reserve refers to remeasurement of gains and losses arising from experience adjustments, changes in actuarial assumptions and return on plan assets of the defined benefit plan.

See accompanying notes forming part of the financial statements (1 - 47)

In terms of our report attached
For V Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No. 109208W

G. Sankar
Partner
Membership No. 046050

Place: Mumbai
Dated: April 28, 2022

For Chhajed & Doshi
Chartered Accountants
Firm Registration No. 101794W

M.P. CHHAJED
Partner
Membership No. 049357

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED

NIRMAL JAIN
Managing Director
DIN : 00010535

R. VENKATARAMAN
Joint Managing Director
DIN : 00011919

RAJESH RAJAK
Chief Financial Officer

SNEHA PATWARDHAN
Company Secretary

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 1. CORPORATE INFORMATION

Company overview

IIFL Finance Limited (the "Company/ Parent/ Holding Company") is a Systemically Important Non-Banking Financial Company not accepting public deposits ("NBFC-ND-SI") registered with the Reserve Bank of India ("the RBI") under section 45-IA of the Reserve Bank of India Act, 1934 and primarily engaged in financing and related activities. The Company had received the certificate of registration from RBI on Mar 12, 2020, enabling the Company to carry on business as a Non-Banking Financial Company. The Company offers a broad suite of financial products such as mortgage loan, gold loan, loan against securities and loans to small & medium enterprise ("SME"), Micro finance loans ('MFI") and digital finance loans..

NOTE 2. BASIS OF CONSOLIDATION

i. Basis of preparation of financial statements

The consolidated financial statements relates to IIFL Finance Limited (the "Company") and its subsidiary/ group companies (together hereinafter referred to as "Group"). The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

Control is achieved when the Company has:

- Power over the investee
- Is exposed or has rights to variable returns from its involvement with the investee, and
- Has the ability to use its power over investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Holding Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Holding Company's voting rights and potential voting rights
- The size of the Company's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The consolidated financial statements of the Group have been prepared in accordance with the Ind AS as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 and relevant amendment rules issued thereafter ("Ind AS") on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained below, the relevant provisions of the Companies Act, 2013 (the "Act") and the guidelines issued by the Reserve Bank of India ("RBI") and National Housing Bank ("NHB") to the extent applicable.

ii. Principles of consolidation:

a) The consolidated financial statements have been prepared in accordance with the Indian Accounting Standards ("Ind AS") on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below and the relevant provisions of The Companies Act, 2013 ("Act").

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Fair value measurements under Ind AS are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, (that are not traded in active market) that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities.

b) The effects of all inter-Group transactions and balances have been eliminated on consolidation. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year by the Group.

c) The consolidated financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as that of the Group, March 31, 2022.

d) The consolidated financial statements of the Group have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealized profits or losses, unless cost cannot be recovered.

e) Business combinations: Business combinations are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration. However, deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognized in accordance with the requirements of Ind AS 12, Income Taxes and Ind AS 19, Employee Benefits, respectively. Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired and liabilities assumed, the difference is recorded as a gain in other comprehensive income and accumulated in equity as capital reserve. The costs of acquisition excluding those relating to issue of equity or debt securities are charged to the Statement of Profit and Loss in the period in which they are incurred Business combinations involving entities under common control are accounted for using the pooling of interests method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonize accounting policies.

f) Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is initially measured at cost, being the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed, measured in accordance with Ind AS 103 – Business Combinations.

Goodwill is considered to have indefinite useful life and hence is not subject to amortization but tested for impairment at least annually. After initial recognition, goodwill is measured at cost less any accumulated impairment.

Any impairment loss on goodwill is recognized in the Statement of Profit and Loss. An impairment loss recognized on goodwill is not reversed in subsequent periods.

For the purpose of impairment testing, goodwill acquired in a business combination, is from the acquisition date.

The excess of cost to the Group of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies are made, is recognized as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Group, it is recognized as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements. Goodwill/ Capital reserve has been netted off and disclosed in the consolidated financial statements. Goodwill arising on consolidation is not amortized but tested for impairment.

g) Non-controlling Interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit and loss/ other comprehensive income ("OCI") for the year of the subsidiaries attributable to non-controlling interest is identified and adjusted against the profit after tax/ other comprehensive income ("OCI") of the Group in order to arrive at the income attributable to shareholders of the Group.

h) Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the Holding Company and to the non-controlling interests, if any.

iii. List of subsidiaries consolidated

The individual Balance Sheet as at March 31, 2022, Statement of Profit and Loss and cash flow statement for the year ended March 31, 2022 of following subsidiaries are included in consolidation:

Name of the entity	Relationship	Country of Incorporation	% of holding and voting power either directly or indirectly through subsidiary	
			As at March 31, 2022	As at March 31, 2021
IIFL Home Finance Limited (HFC)	Direct Subsidiary	India	100%	100%
IIFL Samasta Microfinance Limited (Formerly Samasta Microfinance Limited) (Samasta)	Direct Subsidiary	India	99.41%	99.09%
IIHFL Sales Limited	Step down Subsidiary	India	100%	100%
Eminent Trust October 2019	Trust with Residual Beneficial Interest	India	N.A	N.A
Eminent Trust November 2019	Trust with Residual Beneficial Interest	India	N.A	N.A

iv. Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with Indian Accounting Standards ("Ind AS") requires the management to make estimates, judgments and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

v. Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the provisions of the Act and the Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in exercise of the powers conferred by section 133 read with sub-section (1) of section 210A of the Companies Act, 2013 along with the applicable guidelines issued by Reserve Bank of India ("RBI") and National Housing Bank ("NHB"). In addition, the guidance notes/ announcements issued by the

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Institute of Chartered Accountants of India ("ICAI") are also applied except where compliance with other statutory promulgations require a different treatment.

vi. Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to the Act applicable for Non-Banking Finance Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the consolidated Financial Statements along with the other notes required to be disclosed under the notified Accounting Standards and regulations issued by the RBI and NHB.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

i. Interest income and dividend income

Interest income on financial instruments at amortized cost is recognized on a time proportion basis taking into account the amount outstanding and the effective interest rate ("EIR") applicable.

Interest on financial instruments measured at fair value is included within the fair value movement during the period.

The EIR is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at fair value through profit and loss ("FVTPL"), transaction costs are recognized in the Statement of Profit and Loss at initial recognition.

Penal Interest are recognized as income only when revenue is virtually certain which generally coincides with receipts.

Dividend on equity shares, preference shares and on mutual fund units is recognized as income when the right to receive the dividend is established.

ii. Fees and charges

Fees and charges include fees other than those that are an integral part of EIR. The fees included in this part of the Group's Statement of Profit and Loss include, among other things, fees charged for servicing a loan.

Cheque bounce charges, late payment charges and foreclosure charges are recognized on a point-in-time basis, and are recorded when realized.

Fee and commission expenses with regards to services are accounted for as and when the services are delivered.

iii. Income from financial instruments at FVTPL

Income from financial instruments at FVTPL includes all gains and losses from changes in the fair value of financial assets and financial liabilities at FVTPL.

iv. Assignment transactions

In accordance with Ind AS 109, in case of assignment transactions with complete transfer of risks and rewards without any retention of residual interest, gain arising on such assignment transactions is recorded upfront in the Statement of Profit and Loss and the corresponding asset is derecognized from the Balance Sheet immediately upon execution of such transaction. Further, the transfer of financial assets qualifies for derecognition in its entirety, the whole of the interest spread at its present value (discounted over the life of the asset) is recognized on the date of derecognition itself as interest only strip receivable (interest strip on assignment) and correspondingly recognized as profit on derecognition of financial asset.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

v. **Securitization transactions**

In accordance with Ind AS 109, in case of securitization transactions, the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

vi. **Other operational revenue**

Other operational revenue represents income earned from the activities incidental to the business and is recognized when the right to receive the income is established as per the terms of the contract.

(b) Property, plant and equipment ("PPE")

PPE is recognized when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. PPE is stated at original cost net of tax, if any, less accumulated depreciation. Cost includes professional fees related to the acquisition of PPE and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy.

Depreciation is charged using the straight-line method, based on the useful life of fixed assets as estimated by the Management, as specified below. Depreciation is charged from the month in which new assets are put to use. No depreciation is charged from the month in which assets are sold. In case of transfer of used fixed assets from group companies, depreciation is charged over the remaining useful life of the asset. Individual assets / group of similar assets costing up to ₹ 5,000 have been depreciated in full in the year of purchase. Leasehold land is depreciated on a straight line basis over the leasehold period.

The estimated useful life of assets is as under:

Class of assets	Useful life
Buildings	20 years
Computers	3 years
Office equipment	5 years
Plant and Equipment	5 years
Furniture and fixtures	5 years
Vehicles	5 years

For above class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the Management believes that the useful lives as given above best represent the period over which Management expects to use these assets.

An item of PPE is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

Capital work in progress

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest and are disclosed as "capital work-in-progress".

(c) Intangible assets

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax, less accumulated amortization and cumulative impairment.

Intangible assets i.e. Software are amortized on straight-line basis over the estimated useful life of 3 years. Amortization on impaired assets is provided by adjusting the amortization charge in the remaining periods so as to allocate the assets revised carrying amount over its remaining useful life.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in the Statement of Profit and Loss when the asset is derecognized.

(d) Investment property

Investment properties are properties held to earn rentals and/ or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost, net of accumulated depreciation and accumulated impairment loss, if any.

An investment property is derecognized upon disposal or when the investment property is permanently

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Statement of Profit and Loss in the period in which the Investment property is derecognized.

Freehold land and properties under construction are not depreciated.

(e) Non-current Assets held for Sale

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

The Group repossess properties or other assets to settle outstanding recoverable and the surplus (if any) post auction is refunded to the obligors. These assets physically acquired by the Company under SARFASI Act, 2002 and sale is highly probable has been classified as assets held for sale, as their carrying amounts will be recovered principally through a sale of asset. In accordance with Ind AS 105, the Company is committed to sell these assets. Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

(f) Impairment of assets

As at the end of each accounting year, the Group reviews the carrying amounts of its PPE, intangible assets and investment property assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE, intangible assets and investment property are tested for impairment so as to determine the impairment loss, if any.

Recoverable amount is the higher of fair value less costs of disposal and value in use. If recoverable amount of an asset is estimated to be less than its carrying amount, such deficit is recognized immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset is reduced to its recoverable amount.

When an impairment loss is subsequently reverse, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in the Statement of Profit and Loss.

(g) Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

Securities premium includes:

- The difference between the face value of the equity shares and the consideration received in respect of shares issued pursuant to Stock Option Scheme.
- The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme

(h) Employee benefits

Defined contribution plans

The Group's contribution towards Provident Fund and Family Pension Fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees and are accounted for on an accrual basis and recognized in the Statement of Profit and loss.

Defined benefit plans

Short term employee benefits: Employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits and are expensed in the period in which the employee renders the related service. Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. These benefits include performance incentive and compensated absences.

Post employment benefits: The employees' gratuity fund scheme represents defined benefit plan. The present value of the obligation under defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations at the Balance Sheet date.

Re-measurement, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of asset ceiling (if applicable) is recognized in other comprehensive income and is reflected in retained earnings and the same is not eligible to be reclassified to the Statement of Profit and Loss.

Defined benefit costs comprising current service cost, past service cost and gains or losses on settlements are recognized in the Statement of Profit and Loss as employee benefit expenses. Gains or losses on settlement of any defined benefit plan are recognized when the settlement occurs. Past service cost is recognized as expense at the earlier of the plan amendment or curtailment and when the Group recognizes related restructuring costs or termination benefits.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on a net basis.

Long term employee benefits: The obligation recognized in respect of long term benefits such as long term compensated absences, is measured at present value of estimated future cash flows expected to be made by the Group and is recognized in a similar manner as in the case of defined benefit plan above.

(i) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

(j) Taxes on income

Current tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Group's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans and the reversal of temporary differences.

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Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption.

For transactions and other events recognized in profit or loss, any related tax effects are also recognized in profit or loss. For transactions and other events recognized outside profit or loss (either in other comprehensive income or directly in equity), any related tax effects are also recognized outside profit or loss (either in other comprehensive income or directly in equity, respectively).

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off assets against liabilities, representing current tax and where the deferred tax assets and deferred tax liabilities relates to taxes on income levied by the same governing taxation laws.

Current and deferred tax for the year

Current and deferred tax are recognized in the Statement of profit and loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

(k) Financial instruments

Financial assets and financial liabilities are recognized in the Group's Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

Recognized financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in the Statement of Profit and Loss.

Financial assets

Classification and measurement

The Group classifies its financial assets into the following measurement categories: amortized cost; fair value through other comprehensive income; and fair value through profit or loss.

All recognized financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial instruments measured at amortized cost

Debt instruments that meet the following criteria are measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. The principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business models at a level that reflects how financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

Debt instruments that are subsequently measured at amortized cost are subject to impairment.

Financial instruments measured at fair value through other comprehensive income ("FVTOCI")

Debt instruments that meet the following criteria are measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognized in Statement of profit and loss for FVTOCI debt instruments. Other changes in fair value of FVTOCI financial assets are recognized in other comprehensive income. When the asset is disposed of, the cumulative gain or loss previously accumulated in reserve is transferred to Statement of Profit and Loss.

Financial instruments measured at fair value through Profit and Loss ("FVTPL")

Instruments that do not meet the amortized cost or FVTOCI criteria are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in the Statement of Profit and Loss. The gain or loss on disposal is recognized in the Statement of Profit and Loss.

Interest income is recognized in the Statement of Profit and Loss for FVTPL debt instruments. Dividend on financial assets at FVTPL is recognized when the Group's right to receive dividend is established.

Investments in equity instruments at FVTOCI

On initial recognition, the Group makes an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to Statement of Profit and Loss on disposal of the investments. Dividends from these investments are recognized in the Statement of Profit and Loss when the Group's right to receive dividends is established.

Reclassifications

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Group's financial assets. Changes in contractual cash flows are considered under the accounting policy on modification and derecognition of financial assets described below.

Impairment of financial assets

Group recognizes loss allowances using the Expected Credit Loss ("ECL") model for the financial assets which are not fair valued through profit and loss. ECL is calculated using a model which captures portfolio performance over a period of time. ECL is a probability-weighted estimate of credit losses. A credit loss is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive discounted at the original EIR. Vintage loss curve model is used for ECL computation of retail portfolio which involves assessment of performance of segmented portfolio over a time period. The model tracks month-wise losses during the loan tenor. Vintage loss rate models provide a simple, reasonable model for both one-year and lifetime expected credit loss forecasts. For wholesale portfolio, ECL computation is done for each loan account based on CRISIL default study and International Review Board ("IRB") guidelines.

ECL is measured through a loss allowance at an amount equal to:

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- 12-month ECL, i.e. ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

Key elements of ECL computation are outlined below:

- Probability of default ("PD") is an estimate of the likelihood that customer will default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously de-recognized and is still in the portfolio.
- Loss given default ("LGD") estimates the normalized loss which Group incurs post customer default. It is usually expressed as a percentage of the Exposure at default ("EAD").
- Effective interest rate ("EIR") is the rate that discounts estimated future cash flows through the expected life of financial instrument. For calculating EIR any upfront fees needs to be excluded from the loans and advance amount.

Credit impaired financial assets

A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default ("PD") which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

Default considered for computation of ECL computation is as per the applicable prudential regulatory norms.

Significant increase in credit risk

The Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. The Group's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's expert credit assessment.

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/ or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Group renegotiates loans to customers in financial difficulty to maximize collection and minimize the risk of default. Loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified, the Group considers the following:

Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then a quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest.

In the case where the financial asset is derecognized, the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognized at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines if the financial asset's credit risk has increased significantly since initial recognition.

For financial assets modified, where modification did not result in derecognition, the estimate of PD reflects the Group's ability to collect the modified cash flows taking into account the Group's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Group calculates the modification gain/ loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Group measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another

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entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognized in OCI and accumulated in equity is recognized in the Statement of Profit and Loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to the Statement of Profit and Loss.

Write-off

Loans and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

Financial liabilities and equity Instruments

Debt and equity instruments that are issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Compound instruments

The component parts of compound instruments (e.g. convertible notes) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments.

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently re-measured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to other component of equity. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognized in equity will be transferred to retained earnings. No gain/ loss is recognized in Statement of Profit and Loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the life of the convertible notes using the effective interest rate method.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest rate method.

The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the Statement of Profit and Loss.

(l) Cash and bank balances

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

(m) Goods and service tax input credit

Goods and service tax input credit is accounted for in the books in the period in which the supply of goods or service received is accounted and when there is no uncertainty in availing/ utilising the credits.

(n) Borrowing costs

Borrowing costs include interest expense calculated using the EIR method.

(o) Foreign currencies

In preparing the consolidated financial statements of, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in the Statement of Profit and Loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in the Statement of Profit and Loss in the period in which they arise.

(p) Segment reporting

The Group's primary business segments are reflected based on the principal business carried out, i.e. financing. All other activities of the Group revolve around the main business. The risk and returns of the business of the Group is not associated with geographical segmentation, hence there is no secondary segment reporting based on geographical segment. As such, there are no separate reportable segments.

(q) Provisions, contingent liabilities and contingent assets

Provisions are recognized only when:

- an entity has a present obligation (legal or constructive) as a result of a past event; and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Contingent liability is disclosed in case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;

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and

- a present obligation arising from past events, when no reliable estimate is possible.

Contingent liabilities are disclosed in the Notes. Contingent assets are neither recognized nor disclosed in the consolidated financial statements.

(r) Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

a) Estimated amount of contracts remaining to be executed on capital account and not provided for;

b) Funding related commitment to associate and joint venture companies; and

c) Other non-cancellable commitments, if any.

(s) Statement of cash flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

- changes during the period in operating receivables and payables transactions of a non-cash nature;
- non-cash items such as depreciation, provisions, deferred taxes and unrealized foreign currency gains and losses.
- all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of balance sheet.

(t) Exceptional Items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items is disclosed separately as Exceptional items.

(u) Derivative financial instruments and hedging

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives in respect of foreign currency risk, as cash flow hedge.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the 'Other income' line item.

Amounts previously recognized in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

(v) Leases

The Group assesses whether a contract contains a lease, at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group considers whether (i) the contract involves the use of identified asset; (ii) the Group has substantially all of the economic benefits from the use of the asset through the period of lease and (iii) the Group has right to direct the use of the asset.

As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located, less any lease incentives received.

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities include these options when it is reasonably certain that the option will be exercised.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprises of fixed payments, including in-substance fixed payments, amounts expected to be payable under a residual value guarantee and the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease liability and the right of use asset have been separately presented in the balance sheet and lease payments have been classified as financing activities.

The Group has elected not to recognize right-of-use assets and lease liabilities for short term leases that have a lease term of less than or equal to 12 months with no purchase option and assets with low value leases. The Group recognizes the lease payments associated with these leases as an expense in statement of profit and loss over the lease term. The related cash flows are classified as operating activities.

As a lessor

Leases for which the Group is a lessor is classified as finance or operating leases. When the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

operating lease by reference to the right of use asset arising from the head lease.

Critical accounting estimate and judgement

1. **Determination of lease term**

   Ind AS 116 Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Group's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

2. **Discount rate**

   The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

The Group as a lessee

As a lessee, the Group leases assets which includes gold loan branches/office premises and vehicles to employees. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under Ind AS 116, the Group recognises right-of-use assets and lease liabilities for these leases.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 4. CASH AND CASH EQUIVALENTS

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash and Cash Equivalents		
Cash on hand	501.95	225.25
Balance with Banks - In current accounts	39,209.17	24,763.18
- In deposit accounts	22,396.86	1,440.36
- Interest accrued on fixed deposits	8.42	0.23
Total	**62,116.40**	**26,429.02**

NOTE 5. BANK BALANCE (OTHER THAN CASH AND CASH EQUIVALENTS)

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance with Banks in earmarked accounts towards unclaimed amount on NCD and dividend	187.85	131.12
In deposit accounts (refer note 5.1)	19,145.41	21,180.87
Interest accrued on fixed deposits (refer note 5.1)	119.68	99.55
Total	**19,452.94**	**21,411.54**

Note 5.1 Out of the Fixed Deposits shown above

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Lien marked	12,948.90	14,796.64
Margin for credit enhancement	6,316.19	6,446.33
Other deposits	-	37.45
Total	**19,265.09**	**21,280.42**

NOTE 6: DERIVATIVE FINANCIAL INSTRUMENTS

(₹ in Millions)

Part I	As at March 31, 2022			As at March 31, 2021		
	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
(i) Currency derivatives:				-	-	-
Spot and forwards	36,943.78	458.52	1,494.63	39,396.29	416.88	973.81
Cross Currency Interest Rate Swaps	3,630.75	-	50.59	3,630.75	-	292.08
(ii) Interest rate derivatives						
Forward Rate Agreements and Interest Rate Swaps	6,955.00	185.60	-	6,955.00	-	212.88
Options Purchased (Note i)	43.16	98.69	98.69	55.62	86.99	86.99
(iii) Credit derivatives	-	-	-	-	-	-
(iv) Equity linked derivatives	-	-	-	-	-	-
(v) Other derivatives:	-	-	-	-	-	-
Forward exchange contract	-	-	-	-	-	-
Total	**47,572.69**	**742.81**	**1,643.91**	**50,037.66**	**503.87**	**1,565.76**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Part II	As at March 31, 2022			As at March 31, 2021		
	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) Fair value hedging						
Options Purchased	43.16	98.69	98.69	55.62	86.99	86.99
(ii) Cash flow hedging						
Currency derivatives	40,574.53	458.52	1,545.22	43,027.04	416.88	1,265.89
Interest rate derivative	6,955.00	185.60	-	6,955.00	-	212.88
(iii) Net investment hedging	-	-	-	-	-	-
(iv) Undesignated derivatives						
Currency derivative	-	-	-	-	-	-
Interest rate derivative	-	-	-	-	-	-
Forward exchange contract	-	-	-	-	-	-
Total	**47,572.69**	**742.81**	**1,643.91**	**50,037.66**	**503.87**	**1,565.76**

Credit Risk and Currency Risk

(₹ in Millions)

	Total		Exchange Traded		Over the Counter	
	Notional	Fair value	Notional	Fair value	Notional	Fair value
As at March 31, 2022						
Derivative Asset	13,868.16	742.81	43.16	98.69	13,825.00	644.12
Derivative Liabilities	33,747.70	1,643.91	43.16	98.69	33,704.53	1,545.22
As at March 31, 2021						
Derivative Asset	6,925.62	503.87	55.62	86.99	6,870.00	416.88
Derivative Liabilities	43,167.66	1,565.76	55.62	86.99	43,112.04	1,478.77

Note:

(i) Options invested are tied up to Secured Non Convertible Debentures of NIL P.Y. (₹ 18.13 Million) and Unsecured Non Convertible Debentures of ₹ 98.69 Million P.Y. (₹ 68.85 Million) made as per the terms of issue and on maturity will be transferred to the investors of the NCD.

6.1 Hedging activities and derivatives

The Group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are interest rate and currency risk.

6.1.1 Derivatives designated as hedging instruments

The foreign currency and interest rate risk on borrowings have been actively hedged through a combination of forward contracts and cross currency interest rate swaps.

The Group is exposed to interest rate risk arising from its foreign currency borrowings. Interest on the borrowing is payable at a floating rate linked to Benchmark Plus Margin. The Group economically hedged the interest rate risk arising from the debt with a 'receive floating pay fixed' cross currency interest rate swap.

The Group uses Cross Currency Interest Rate Swaps (IRS) Contracts (Floating to Fixed) and Forward Exchange Contracts to hedge its risks associated with interest rate and currency fluctuations relating interest rate and currency risk arising from foreign currency loans / external commercial borrowings. The Group designates such contracts in a cash flow hedging relationship by applying the hedge accounting principles as per IND AS standards. These contracts are stated at fair value of the Spot element of the forward exchange contracts at each reporting date. Changes in the fair value of these contracts that are designated and effective as hedges of future cash flows are recognised directly in "Cash Flow Hedge Reserve" under Other Equity and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the Forward contracts/ Cross Currency Interest Rate Swaps match that of the foreign currency borrowings (notional amount, interest payment dates, principal repayment date, etc.). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the Forward contracts/Cross currency interest rate swaps are identical to the hedged risk components.

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Notional amount	47,529.53	49,982.04
Carrying amount	901.07	1,061.89
Line item in the statement of financial position	Derivative financial instrument	Derivative financial instrument
Change in fair value used for measuring ineffectiveness for the year	(9.75)	(253.52)

(₹ in Millions)

Impact of hedging item	As at March 31, 2022	As at March 31, 2021
Change in fair value	(9.75)	(253.52)
Cash flow hedge reserve	(9.75)	(253.52)
Cost of hedging	-	-

(₹ in Millions)

Effect of Cash flow hedge	As at March 31, 2022	As at March 31, 2021
Total hedging gain / (loss) recognized in OCI	(9.75)	(253.52)
Ineffectiveness recognized in profit or (loss)	-	-

NOTE 7. RECEIVABLES

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Trade Receivables		
Receivables considered good - Secured	1,345.00	1,564.65
Receivables considered good - Unsecured*	483.87	358.12
Receivables considered good - significant increase in credit risk	3.85	-
Receivables - credit impaired	0.03	2.95
Total (i) - Gross	**1,832.75**	**1,925.72**
Less: Impairment loss allowance	(0.80)	(2.95)
Total (i) - Net	**1,831.95**	**1,922.77**
(ii) Other Receivables		
Receivables considered good - Unsecured	158.00	5.10

* including receivable from Group Companies (refer note 41.2)

Notes:

1. No trade or other receivables are due from directors or other officer of the Group either severally or jointly, with any other person. No trade or other receivables are due from firms including limited liability partnerships, private companies in which any director is a partner or a director or a member.
2. The Group had adopted simplified approach for impairment allowance on trade receivables. Expected credit loss ("ECL") has been recognised on credit impaired receivables.
3. Trade receivables are non-interest bearing.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Note 7.1 Trade Receivables Ageing Schedule

(₹ in Millions)

Particulars (As at March 31, 2022)	Outstanding for following periods from due date of payment						
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	46.37	1,781.24	1.07	0.19	-	-	**1,828.87**
(ii) Undisputed Trade Receivables – which have significant increase in credit risk		3.85	-	-	-	-	**3.85**
(iii) Undisputed Trade Receivables – credit impaired		-	-	-	0.03	-	**0.03**
(iv) Disputed Trade Receivables– considered good		-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk		-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired		-	-	-	-	-	-
Total	**46.37**	**1,785.09**	**1.07**	**0.19**	**0.03**	**-**	**1,832.75**

(₹ in Millions)

Particulars (As at March 31, 2021)	Outstanding for following periods from due date of payment						
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	12.08	1,624.07	286.49	0.03	0.08	0.02	**1,922.77**
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	0.13	0.03	2.79	-	**2.95**
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	**12.08**	**1,624.07**	**286.62**	**0.06**	**2.87**	**0.02**	**1,925.72**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 8. LOANS

(₹ in Millions)

Particulars	As at March 31, 2022		
	Amortized cost	At Fair Value Through Other Comprehensive Income *	Total
(A)			
(i) Term Loans	266,370.77	57,124.58	323,495.35
(ii) Non Convertible Debentures - for financing real estate projects	17,168.44	-	17,168.44
(iii) Related Parties	2.02	-	2.02
(iv) Others (Dues from Customers etc)	10,491.72	-	10,491.72
Total (A) - Gross	**294,032.95**	**57,124.58**	**351,157.53**
Less: Impairment loss allowance (including Stage 3 ECL on Principal ₹ 4,092.20 million and Stage 3 Interest ₹ 1,124.94 million)	(13,728.61)	(499.98)	(14,228.59)
Total (A) - Net	**280,304.34**	**56,624.60**	**336,928.94**
(B)			
(i) Secured by tangible assets (refer note 8.1 and 8.2)	213,436.41	57,124.58	270,560.99
(ii) Secured by intangible assets	-	-	-
(iii) Covered by Bank/ Government guarantees	3,449.20	-	3,449.20
(iv) Unsecured	77,147.34	-	77,147.34
Total (B) - Gross	**294,032.95**	**57,124.58**	**351,157.53**
Less: Impairment loss allowance	(13,728.61)	(499.98)	(14,228.59)
Total (B) - Net	**280,304.34**	**56,624.60**	**336,928.94**
(C)			
(I) Loans in India			
(i) Public Sector	-	-	-
(ii) Others	294,032.95	57,124.58	351,157.53
Total(C) (I) - Gross	**294,032.95**	**57,124.58**	**351,157.53**
Less: Impairment loss allowance	(13,728.61)	(499.98)	(14,228.59)
Total(C) (I) - Net	**280,304.34**	**56,624.60**	**336,928.94**
(II) Loans outside India (C) (II)	**-**	**-**	**-**
Total C (I) and C (II)	**280,304.34**	**56,624.60**	**336,928.94**

* Loans classified under Fair Value Through Other Comprehensive Income relate to those available for sale in their present condition.

(₹ in Millions)

Particulars	As at March 31, 2021		
	Amortized cost	At Fair Value Through Other Comprehensive Income *	Total
(A)			
(i) Term Loans	260,743.51	52,662.86	313,406.37
(ii) Non Convertible Debentures - for financing real estate projects	22,713.41	-	22,713.41
(iii) Others (Dues from Customers etc)	13,651.49	-	13,651.49
Total (A) - Gross	**297,108.41**	**52,662.86**	**349,771.27**
Less: Impairment loss allowance (including Stage 3 ECL on Principal ₹ 3,828.96 million and Stage 3 Interest ₹ 1,169.47 million)	(13,948.47)	(491.20)	(14,439.67)
Total (A) - Net	**283,159.94**	**52,171.66**	**335,331.60**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Particulars	As at March 31, 2021		
	Amortized cost	At Fair Value Through Other Comprehensive Income *	Total
(B)			
(i) Secured by tangible assets (refer note 8.1 and 8.2)	238,337.53	49,451.28	287,788.81
(ii) Secured by intangible assets	-	-	-
(iii) Covered by Bank/ Government guarantees	3,359.70	34.91	3,394.61
(iv) Unsecured	55,411.18	3,176.67	58,587.85
Total (B) - Gross	**297,108.41**	**52,662.86**	**349,771.27**
Less: Impairment loss allowance	(13,948.47)	(491.20)	(14,439.67)
Total (B) - Net	**283,159.94**	**52,171.66**	**335,331.60**
(C)			
(I) Loans in India			
(i) Public Sector	-	-	-
(ii) Others	297,108.41	52,662.86	349,771.27
Total (C) (I)-Gross	**297,108.41**	**52,662.86**	**349,771.27**
Less: Impairment loss allowance	(13,948.47)	(491.20)	(14,439.67)
Total (C) (I)-Net	**283,159.94**	**52,171.66**	**335,331.60**
(II) Loans outside India (C) (II)	**-**	**-**	**-**
Total C (I) and C (II)	**283,159.94**	**52,171.66**	**335,331.60**

* Loans classified under Fair Value Through Other Comprehensive Income relate to those available for sale in their present condition.

Notes:

8.1 Secured loans are secured by way of equitable mortgage of property, pledge of shares, hypothecation of assets, company personal guarantees, physical gold, undertaking to create security. Loans secured by Government Guarantee are credit facilities provided under the Emergency Credit Line Guarantee Scheme backed by an unconditional and irrevocable guarantee provided by Government of India.

8.2 Secured loans include loans aggregating to ₹ 2,009.43 million (P.Y ₹ 2,677.98 million) in respect of which the creation of security is under process.

8.3 The Group assessment of impairment loss allowance on its loans and other assets is subject to a number of management judgments and estimates. In relation to COVID-19, judgments and assumptions included the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. Given the dynamic nature of pandemic situation, the Group's impairment loss allowance estimates are inherently uncertain due to severity and duration of the pandemic and, as a result, actual results may differ from these estimates as on the date of approval of these Consolidated Financial Statements.

8.4 The Group has complied with the RBI circular dated November 12, 2021 - "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarifications'. On February 15, 2022, RBI allowed deferment till September 30, 2022 of Para 10 of this circular pertaining to upgrade of non performing accounts. However, the Group has not opted for this deferment.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 9. INVESTMENTS

(₹ in Millions)

Particulars	As at March 31, 2022		
	At Fair Value through Profit and Loss	At Amortised cost	Total
(A)			
Mutual funds	0.04	-	0.04
Alternate investment funds	10,992.17	-	10,992.17
Security receipts	4,453.91	-	4,453.91
Debt securities	-	95.90	95.90
Equity instruments	-	0.50	0.50
Total – Gross (A)	**15,446.12**	**96.40**	**15,542.52**
Less: Impairment loss allowance	(3,620.91)	-	(3,620.91)
Total – Net (A)	**11,825.21**	**96.40**	**11,921.61**
(B)			
(i) Investments outside India	-	-	-
(ii) Investments in India	15,446.12	96.40	15,542.52
Total – (B)	**15,446.12**	**96.40**	**15,542.52**
Less: Impairment loss allowance	(3,620.91)	-	(3,620.91)
Total Net (B)	**11,825.21**	**96.40**	**11,921.61**

(₹ in Millions)

Particulars	As at March 31, 2021		
	At Fair Value through Profit and Loss	At Amortised cost	Total
(A)			
Mutual funds	118.18	-	118.18
Alternate investment funds	71.06	-	71.06
Debt securities	-	125.97	125.97
Equity instruments	-	0.50	0.50
Total – Gross (A)	**189.24**	**126.47**	**315.71**
Less: Impairment loss allowance	-	-	-
Total – Net (A)	**189.24**	**126.47**	**315.71**
(B)			
(i) Investments outside India	-	-	-
(ii) Investments in India	189.24	126.47	315.71
Total – (B)	**189.24**	**126.47**	**315.71**
Less: Impairment loss allowance	-	-	-
Total Net (B)	**189.24**	**126.47**	**315.71**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Note 9.1 Investment Details Script Wise

Particulars	As at March 31, 2022			As at March 31, 2021		
	Quantity (in actuals)	Face value per unit (in ₹)	Carrying Value (₹ in Millions)	Quantity (in actuals)	Face value per unit (in ₹)	Carrying Value (₹ in Millions)
Mutual funds			**0.04**			**118.18**
IIFL Focused Equity Fund-Direct Plan-Growth	-	-	-	4,562,418.45	10.00	118.18
Nippon India Mutual Fund ETF Liquid Bees	35.20	1,000	0.04	-	-	-
Alternate investment fund			**10,992.17**			**71.06**
Phi Capital Growth Fund-I	306.78	100,000.00	100.56	298.40	100,000.00	43.08
Indiareit Apartment Fund - Class B	20.01	100,000.00	2.36	22.63	100,000.00	3.58
IIFL Income Opportunities Fund- Special Situation - Class B	-	-	-	932,923.14	3.9963	2.03
IIFL Income Opportunities Fund- Special Situation - Class S	-	-	-	10,278,484.68	3.9963	22.37
IIFL One Value Fund Series B - Class B	608,837,542.29	10.0000	6,335.03	-	-	-
IIFL One Value Fund Series B - Class C	415,940,426.88	10.0000	4,459.38	-	-	-
Faering Capital Growth Fund III	15,500.00	1,000.0000	15.01	-	-	-
IIFL Securities Capital Enhancer Fund - Class S	3,999,800.01	10.0000	40.29	-	-	-
IIFL Securities Capital Enhancer Fund - Class E	1,999.90	10.0274	0.02	-	-	-
IIFL One Opportunities FOF - Series 1	3,065,261.70	10.0000	39.52	-	-	-
Security receipts			**4,453.91**			-
ACRE - 110 - Trust	3,825,000.00	951.7500	3,620.91			
Arcil-SBPS-049-I- Trust	833,000.00	1,000.00	833.00			
Debt securities			**95.90**			**125.97**
Elite Mortgage HL Trust June 2019 Series A PTC	5.00	35,854,404.00	95.90	5.00	35,854,404.00	125.97
Equity instruments			**0.50**			**0.50**
Alpha Microfinance Consultants Private Limited	50,000.00	10.00	0.50	50,000.00	10.00	0.50
Total Gross			**15,542.52**			**315.71**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 10. OTHER FINANCIAL ASSETS

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
(Unsecured, considered good)		
Security deposits	409.05	324.19
Deposit with Exchange	2.50	2.80
Interest strip asset on assignment	7,955.28	3,843.01
Staff advances	2.13	1.41
Insurance receivable	505.79	525.24
Less: Provisions on insurance receivables (refer note 10.1)	(266.29)	(181.73)
Other receivables	573.66	342.08
Other advance	55.73	46.70
(Unsecured, considered doubtful)		
Security deposit for rented premises	11.24	11.26
Less: Impairment loss allowance on security deposit (refer note 10.2)	(11.24)	(11.26)
Total	**9,237.85**	**4,903.70**

Note 10.1 Provisions on insurance receivables

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening	**181.73**	**112.48**
Addition	162.18	72.80
Reduction	(77.62)	(3.55)
Closing	**266.29**	**181.73**

Note 10.2 Provisions on security deposit

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening	**11.26**	**12.99**
Addition	7.43	4.79
Reduction	(7.45)	(6.52)
Closing	**11.24**	**11.26**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 11. DEFERRED TAX ASSETS AND LIABILITIES

Significant components of deferred tax assets and liabilities for the year ended March 31, 2022 are as follows:

(₹ in Millions)

Particulars	Opening balance (as on April 1, 2021)	Recognized in profit and loss account	Recognized in/ reclassified from OCI**	Closing balance (as on March 31, 2022)
Deferred tax assets				
Property, plant and equipment	246.24	31.14	-	277.38
Provisions, allowances for doubtful receivables / loans	3,392.04	(48.14)	-	3,343.90
Compensated absences and retirement benefits	58.62	7.24	0.09	65.95
Deduction for Provision for Doubtful debts	-	55.74	-	55.74
MTM on derivative financial instruments	68.13	-	(60.78)	7.35
Expenses deductible in future years	130.97	6.29	-	137.26
C/f losses on investments	-	(151.74)	-	(151.74)
Cash flow hedge reserve	73.24	908.93	35.57	1,017.74
Fair value of loans carried at FVTOCI	1.92	-	(34.36)	(32.44)
Leases - Ind AS 116	71.38	13.61	-	84.99
Income amortization (net)	(854.51)	(1,005.26)	-	(1,859.77)
Provision for 36(1)(viia)	(76.60)	(11.65)	-	(88.25)
Deferred tax assets (net)	**3,111.43**	**(193.84)**	**(59.48)**	**2,858.11**

Significant components of deferred tax assets and liabilities for the year ended March 31, 2021 are as follows:

(₹ in Millions)

Particulars	Opening balance (as on April 1, 2020)	Recognized in profit and loss account *	Recognized in/ reclassified from OCI**	Closing balance (as on March 31, 2021)
Deferred tax assets				
Property, plant and equipment	212.03	34.21	-	246.24
Provisions, allowances for doubtful receivables / loans	2,351.63	1,040.41	-	3,392.04
Compensated absences and retirement benefits	67.12	(3.09)	(5.41)	58.62
MTM on derivative financial instruments	68.88	(36.44)	35.69	68.13
Expenses deductible in future years	89.26	41.71	-	130.97
C/f losses on investments	142.19	(142.19)	-	-
Cash flow hedge reserve	-	-	73.24	73.24
Fair value of loans carried at FVTOCI	-	-	1.92	1.92
Leases - Ind AS 116	47.47	23.91	-	71.38
Income amortization (net)	(549.12)	(305.39)	-	(854.51)
Provision for 36(1)(viia)	-	(76.60)	-	(76.60)
Deferred tax assets (net)	**2,429.46**	**576.53**	**105.44**	**3,111.43**

*Includes prior period amount of ₹ 202.94 Million.

**Excluding amount of C.Y. ₹ 28.48 Million (P.Y. ₹ 23.66 Million) towards tax expense for MTM on derivative financial instruments.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 12. INVESTMENT PROPERTY (AT COST)

(₹ in Millions)

Particulars	Property (Flats) (refer note 12.1) *	Building	Land (refer note 12.1)	Total
Gross carrying value				
As at April 1, 2021	**1,556.02**	**74.84**	**1,121.93**	**2,752.79**
Additions during the year	-	-	259.69	259.69
Deductions/adjustments during the year	-	-	-	-
As at March 31, 2022	**1,556.02**	**74.84**	**1,381.62**	**3,012.48**
Less : Impairment loss allowance/ Adjustment	(0.10)	(8.53)	(51.91)	(60.54)
Net carrying value as at March 31, 2022	**1,555.92**	**66.31**	**1,329.71**	**2,951.94**
Fair value as on March 31, 2022 (Fair value hierarchy : Level 3)	1,759.67	87.80	1,329.89	3,177.36

*Distress value of above flats is ₹ 1,578.97 Million as on March 31, 2022.

(₹ in Millions)

Particulars	Property (Flats) (refer note 12.1) *	Building	Land (refer note 12.1)	Total
Gross carrying value				
As at April 1, 2020	**1,556.02**	**111.83**	**1,058.85**	**2,726.70**
Additions during the year	-	-	63.08	63.08
Deductions/adjustments during the year	-	(36.99)	-	(36.99)
As at March 31, 2021	**1,556.02**	**74.84**	**1,121.93**	**2,752.79**
Less : Impairment loss allowance	(0.07)	(4.79)	(37.33)	(42.19)
Net carrying value as at March 31, 2021	**1,555.95**	**70.05**	**1,084.60**	**2,710.60**
Fair value as on March 31, 2021 (Fair value hierarchy : Level 3)	1,710.35	86.84	1,084.82	2,882.02

*Distress value of above flats is ₹ 1,596.10 Million as on March 31, 2021.

Note 12.1: Management has acquired possession of these properties in satisfaction of the debts and intends to dispose them in due course, subject to conducive market conditions. These properties have been valued taking into consideration various factors such as location, facilities & amenities, quality of construction, percentage of completion of construction (as for some properties the construction is currently on hold), residual life of building, business potential, supply & demand, local nearby enquiry, market feedback of investigation and ready recknor published by government. These valuations has been performed by an independent registered valuer registered under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. The fair values are based on market values, being the estimated amount for which a property could be exchanged in an arm's length transaction. These properties are not depreciated as they have not been put to use.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 13. PROPERTY, PLANT AND EQUIPMENT

(₹ in Millions)

Particulars	Freehold Land *	Electrical Equipment	Furniture And Fixtures	Vehicles	Office Equipment	Buildings	Plant & Equipment	Computer	Total
Cost as at April 1, 2021	**0.86**	**17.34**	**879.80**	**17.12**	**113.40**	**359.31**	**277.61**	**480.63**	**2,146.07**
Additions during the year	-	6.69	497.66	0.16	178.06	-	133.65	269.00	1,085.22
Deductions/adjustments	-	(1.51)	(17.81)	(1.55)	(1.74)	(113.72)	(9.34)	(50.73)	(196.40)
As at March 31, 2022	**0.86**	**22.52**	**1,359.65**	**15.73**	**289.72**	**245.59**	**401.92**	**698.90**	**3,034.89**
Depreciation									
As at April 1, 2021	**-**	**11.00**	**424.67**	**14.66**	**69.45**	**84.60**	**136.80**	**361.97**	**1,103.15**
Depreciation for the year	-	4.60	240.01	2.23	41.16	21.15	82.18	132.65	523.98
Deductions/adjustments	-	(1.29)	(13.88)	(1.55)	(1.40)	(35.17)	(7.24)	(36.93)	(97.46)
Up to March 31, 2022	**-**	**14.31**	**650.80**	**15.34**	**109.21**	**70.58**	**211.74**	**457.69**	**1,529.67**
Net block as at March 31, 2022	**0.86**	**8.21**	**708.85**	**0.39**	**180.51**	**175.01**	**190.18**	**241.21**	**1,505.22**

(₹ in Millions)

Particulars	Freehold Land *	Electrical Equipment	Furniture And Fixtures	Vehicles	Office Equipment	Buildings	Plant & Equipment	Computer	Total
Cost as at April 1, 2020	**0.86**	**17.94**	**732.04**	**17.12**	**136.04**	**359.31**	**198.85**	**472.81**	**1,934.97**
Additions during the year	-	2.36	176.24	-	15.52	-	45.80	62.12	302.04
Deductions/adjustments	-	(2.96)	(28.48)	-	(38.16)	-	32.96	(54.30)	(90.94)
As at March 31, 2021	**0.86**	**17.34**	**879.80**	**17.12**	**113.40**	**359.31**	**277.61**	**480.63**	**2,146.07**
Depreciation									
As at April 1, 2020	**-**	**10.33**	**296.40**	**12.01**	**67.85**	**63.45**	**85.02**	**258.41**	**793.47**
Depreciation for the year	-	2.81	138.54	2.65	16.24	21.15	50.19	143.16	374.74
Deductions/adjustments	-	(2.14)	(10.27)	-	(14.64)	-	1.59	(39.60)	(65.06)
Up to March 31, 2021	**-**	**11.00**	**424.67**	**14.66**	**69.45**	**84.60**	**136.80**	**361.97**	**1,103.15**
Net block as at March 31, 2021	**0.86**	**6.34**	**455.13**	**2.46**	**43.95**	**274.71**	**140.81**	**118.66**	**1,042.92**

* The above freehold Land is hypothecated with Debenture Trustee(s) for issue of secured non-convertible debentures.

Note 13.1. Capital-Work-in Progress (CWIP)

Ageing schedule

(₹ in Millions)

Particulars	CWIP (As at March 31, 2022)				Total*
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	51.40	5.04	-	-	56.44
Projects temporarily suspended	-	-	-	-	-

Particulars	CWIP (As at March 31, 2021)				Total*
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	62.41	2.26	0.39	0.55	65.61
Projects temporarily suspended	-	-	-	-	-

No projects were delayed for completion or had exceeded its cost compared to its original plan.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 14. LEASES

As a Lessee

a) Changes in the carrying value of right to use assets:

(₹ in Millions)

Particulars	Premises	Vehicle	Total
Opening Balance as at April 01, 2021	**2,977.57**	**8.42**	**2,985.99**
Addition during the year	1,017.53	11.19	1,028.72
Deduction/Adjustment	(60.40)	-	(60.40)
Depreciation during the year	(671.35)	(7.66)	(679.01)
Closing Balance as at March 31, 2022	**3,263.35**	**11.95**	**3,275.30**

(₹ in Millions)

Particulars	Premises	Vehicle	Total
Opening Balance as at April 01, 2020	**2,749.84**	**21.42**	**2,771.26**
Addition during the year	1,016.45	1.54	1,017.99
Deduction/Adjustment	(149.78)	(3.63)	(153.41)
Depreciation during the year	(638.94)	(10.91)	(649.85)
Closing Balance as at March 31, 2021	**2,977.57**	**8.42**	**2,985.99**

b) Break up value of the Current and Non - Current Lease Liabilities:

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Current lease liabilities	754.26	515.51
Non-current lease liabilities	2,852.52	2,749.51
Total	**3,606.78**	**3,265.02**

c) Movement in lease liabilities:

(₹ in Millions)

Particulars	Premises	Vehicle	Total
Balance as at April 01, 2021	**3,255.70**	**9.32**	**3,265.02**
Addition during the year	1,013.45	11.20	1,024.65
Deduction/Adjustment	(63.20)	-	(63.20)
Finance cost accrued during the period	306.69	1.18	307.87
Payment of lease liabilities	(918.64)	(8.92)	(927.56)
Closing Balance as at March 31, 2022	**3,594.00**	**12.78**	**3,606.78**

(₹ in Millions)

Particulars	Premises	Vehicle	Total
Balance as at April 01, 2020	**2,890.93**	**22.60**	**2,913.53**
Addition during the year	1,011.46	1.55	1,013.01
Deduction/Adjustment	(160.00)	(3.86)	(163.86)
Finance cost accrued during the period	268.04	1.41	269.45
Payment of lease liabilities	(754.73)	(12.38)	(767.11)
Closing Balance as at March 31, 2021	**3,255.70**	**9.32**	**3,265.02**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

d) Details regarding the contractual maturities of lease liabilities on an undiscounted basis:

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Less than one year	1,005.93	764.28
One to two years	906.12	743.59
Two to five years	1,775.02	1,660.16
More than five years	916.20	1,189.18
Total	**4,603.27**	**4,357.21**

e) Rental expense recorded for short-term leases was ₹ 197.59 Million (P.Y ₹ 130.15 Million)

f) Amounts recognised in profit or loss

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Interest on lease liabilities	307.87	269.45
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	4.59	4.66
Depreciation relating to leases	679.03	649.86
Total	**991.49**	**923.97**

g) Amounts recognized in the statement of cash flows

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Total cash outflow for leases	927.55	767.11

NOTE 15. OTHER INTANGIBLE ASSETS

(₹ in Millions)

Particulars	Software
Cost or valuation as at April 01, 2021	**79.70**
Additions during the year	19.87
Deductions /Adjustments	-
As at March 31, 2022	**99.57**
Amortizations	
As at April 01, 2021	**68.25**
Additions during the year	10.20
Deductions /Adjustments	-
Up to March 31, 2022	**78.45**
Net block as at March 31, 2022	**21.12**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Particulars	Software
Cost or valuation as at April 01, 2020	**56.69**
Additions during the year	23.01
Deductions /Adjustments	-
As at March 31, 2021	**79.70**
Amortizations	
As at April 01, 2020	**44.18**
Additions during the year	24.07
Deductions /Adjustments	-
Up to March 31, 2021	**68.25**
Net block as at March 31, 2021	**11.45**

NOTE 16. OTHER NON-FINANCIAL ASSETS

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Prepaid expenses	540.42	143.96
Receivable from securitization trust	2,364.98	2,312.07
Advances for operational expenses	430.32	501.77
Deposit with government	19.71	18.92
GST / Service tax input	51.99	159.43
Advance towards gratuity (refer note 33.2)	11.77	8.25
Capital Advance	0.65	1.82
Other assets	106.11	3.79
Total	**3,525.95**	**3,150.01**

* Includes foreign currency payments amounting to ₹ 90.70 Million (P.Y ₹ 90.70 Million)

NOTE 17. ASSETS HELD FOR SALE

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Assets held for sale	175.51	139.46
Total	**175.51**	**139.46**

(i) Assets held for sale is towards a Group's owned property which it intends to sell in the near future.

(ii) The Group follows various collection mechanisms for recovery of dues from the borrowers, which involves initiating SARFAESI, actual/physical repossession of assets after eviction in lieu of the loan outstanding and subsequent sale of repossessed assets via auction process in case of default by the borrowers. The Company's endeavour is to sell the re-possessed assets, in a public auction and realise the sale proceeds to recover the Loan amount outstanding at the earliest. The Customer has all opportunity to repay the Loan amount before finalization of sale of the property and take back the possession. Since borrowers may settle the loans and in such cases, the property is handed back to them(in case the property is not yet sold in auction), the Company's management is of the view that acquiring such properties does not change the nature of the assets and that such re-possessed assets continue to be classified as financial assets. Therefore, such re-possessed properties are not classified as Assets Held for Sale as per IND AS 105. Expert Advisory Committee of the Institute of Chartered Accountants of India has been approached by the Company for an opinion in the classification of such repossessed assets as "Non- Current Assets Held For Sale", which is awaited.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 18. PAYABLES

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises (Refer note 18.1)	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		
Outstanding dues of creditors	228.94	146.91
Accrued salaries and benefits	28.50	23.08
Provision for expenses	1,131.73	914.13
Other trade payables *	35.10	9.79
Total	**1,424.27**	**1,093.91**
(II) Other Payables		
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	99.06	
Total	**99.06**	**-**

* including payable to Group Companies (refer note 41.2)

Note 18.1 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006

The following disclosure is made as per the requirement under The Micro, Small and Medium Enterprises Development Act, 2016 ("MSMED Act") on the basis of confirmations sought from suppliers on registration with the specified authorities under MSMED:

(₹ in Millions)

Particulars	2021-2022	2020-2021
(a) Principal amount remaining unpaid to any supplier at the year end	-	-
(b) Interest due thereon remaining unpaid to any supplier at the year end	-	-
(c) Amount of interest paid and payments made to the supplier beyond the appointed day during the year	-	-
(d) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	-	-
(e) Amount of interest accrued and remaining unpaid at the year end	-	-
(f) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Act	-	-

The aforementioned is based on the responses received by the Group to its inquiries with suppliers with regard to applicability under the said Act. This has been relied upon by the auditors.

No interest has been paid/is payable by the Group during the year to the suppliers registered under this Act.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
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Note 18.2 Trade Payables ageing schedule

(₹ in Millions)

Particulars	Outstanding for following periods from due date of payment					
As at March 31, 2022	**Unbilled**	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) MSME	-	-	-	-	-	-
(ii) Others	477.40	936.64	0.25	0.15	9.83	**1,424.27**
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-

(₹ in Millions)

Particulars	Outstanding for following periods from due date of payment					
As at March 31, 2021	**Unbilled**	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) MSME	-	-	-		-	-
(ii) Others	335.50	745.33	5.11	0.29	7.68	**1,093.91**
(iii) Disputed dues – MSME	-	-	-		-	-
(iv) Disputed dues - Others	-	-	-		-	-

NOTE 19. DEBT SECURITIES

(₹ in Millions)

Particulars	At Amortized Cost	
	As at March 31, 2022	**As at March 31, 2021**
(i) Non Convertible Debentures (Refer Note (a), (b), (c), 19.1 and 19.2) - Secured	74,636.58	78,377.98
Less : Unamortised debenture issue expenses	(431.94)	(338.26)
Less : Unexpired discount on NCD	(15.70)	(36.29)
(ii) Commercial Papers - Unsecured	1,009.00	-
Less : Unexpired discount on Commercial Paper	(17.40)	-
(iii) Interest accrued but not due	3,200.24	5,300.07
Total (A)	**78,380.78**	**83,303.50**
Debt Securities in India	53,173.49	54,555.68
Debt Securities outside India	25,207.29	28,747.82
Total (B)	**78,380.78**	**83,303.50**

(a) These Non Convertible Debentures are secured by way of first pari-passu charge on immovable property, current assets, book debts, loans and advances including receivables other than those specifically charged.

(b) Non Convertible Debentures – Secured includes redeemable non convertible debenture which carries call option and contain a repayment clause by way of reduction in face value ₹ 281.25 Millions (May 15, 2022), ₹ 150.00 Millions (from December 20, 2023) and ₹ 150.00 Millions (from March 20, 2024) {as at March 31, 2021 ₹ 843.75 Millions (May 15, 2021 and every six months thereafter), ₹ 150.00 Millions (from December 20, 2023) and ₹ 150.00 Millions (from March 20, 2024)}.

(c) Includes redeemable non convertible debenture amounting to Nil (P.Y. ₹ 140 Million) which carries call option effective from July 13, 2018.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Note 19.1 - Terms of repayment

Particulars	As at March 31, 2022		As at March 31, 2021	
	Rate of Interest / Yield	Amount (₹ in Millions)	Rate of Interest / Yield	Amount (₹ in Millions)
Non Convertible Debenture (Secured):		**74,636.58**		**78,377.98**
Fixed:		**68,840.51**		**62,093.63**
More than 5 years	5.00 % - 9.18%	19,359.13	8.60% - 9.18%	6,370.00
3- 5 years	8.20 % - 10.33%	4,915.84	10.05% - 10.33%	300.00
1-3 years	8.25% - 11.50%	37,967.55	8.00% - 15.25%	39,746.83
Less than 1 years	7.75% -15.25%	6,597.99	7.70% - 10.50%	15,676.80
Floating:^		**281.25**		**2,843.75**
1-3 years	0.00%	-	8.56%	281.25
Less than 1 years	7.51%	281.25	8.56% - 9.40%	2,562.50
Zero Coupon:		**5,514.82**		**13,440.60**
More than 5 years	8.75%	55.27		
3- 5 years	8.50% - 8.75%	335.57	9.00% - 10.30%	1,291.89
1-3 years	8.00 % - 10.30%	3,256.57	9.35% - 9.85%	2,259.53
Less than 1 years	9.35% - 9.85%	1,867.41	8.20% - 10.20%	9,889.18
Commercial Papers (Unsecured):		**1,009.00**		**-**
Less than 1 years	6.30 % - 6.35%	1,009.00	-	-
Total		**75,645.58**		**78,377.98**

^ The floating rate non convertible debentures are linked with Government securities / Treasury Bills interest rates plus applicable spread.

Note 19.2 - Non Convertible Debentures - instrument wise details

(₹ in Millions)

Description of security	Coupon/ Yield	As at March 31, 2022	As at March 31, 2021
8.33% Secured Rated Listed Redeemable Non Convertible Debenture. Series D13. Date Of Maturity 30/06/2031	8.33%	5,000.00	-
G-sec Linked Secured Rated Listed Redeemable Non Convertible Debenture. Series D14. Date Of Maturity 07/09/2024	8.00%	1,000.00	-
8.25% Secured Rated Annual Listed Redeemable Non Convertible Debentures. Series I. Date Of Maturity 14/10/2023	8.25%	3,075.30	-
Zero Coupon Secured Rated Cummulative Listed Redeemable Non Convertible Debentures. Series II Date Of Maturity 14/10/2023	8.25%	714.25	-
8.50% Secured Rated Annual Listed Redeemable Non Convertible Debentures. Series III. Date Of Maturity 14/10/2024	8.50%	940.80	-
Zero Coupon Secured Ratedcummulative Listed Redeemable Non Convertible Debentures. Series IV. Date Of Maturity 14/10/2024	8.50%	573.10	-
8.42% Secured Rated Monthly Listed Redeemable Senior Non Convertible Debentures. Series V. Date Of Maturity 14/10/2026	8.42%	1,472.51	-
8.75% Secured Rated Annually Listed Redeemable Senior Non Convertible Debentures. Series VI. Date Of Maturity 14/10/2026	8.75%	1,360.83	-
Zero Coupon Secured Rated Cummulative Listed Redeemable Non Convertible Debentures. Series VII. Date Of Maturity 14/10/2026	8.75%	293.09	-
8.50% Secured rated listed non convertible debenture. Series D15. Date of maturity 21/01/2032	8.50%	100.00	-
8.60% Secured Rated Listed Redeemable Non Convertible Debenture. Series D 16 Option A.Date of Maturity 24/03/2032	8.60%	600.00	-

(₹ in Millions)

Description of security	Coupon/ Yield	As at March 31, 2022	As at March 31, 2021
G-sec Linked Secured Rated Listed Redeemable Market Linked Principal Protected Non Convertible Debentures. Date Of Maturity 30/04/2024	9.00%	748.00	-
G-sec Linked Secured Rated Listed Redeemable Market Linked Principal Protected Non Convertible Debentures. Date Of Maturity 26/12/2022	7.75%	500.00	-
8.62% Secured Rated Listed Redeemable Non Convertible Debentures.Series D4.Date Of Maturity 12/03/2028	8.62%	190.00	-
8.70% Secured Rated Listed Redeemable Non Convertible Debentures.Series D5.Date Of Maturity 16/04/2029	8.70%	360.00	-
8.70% Secured Rated Listed Redeemable Non Convertible Debentures.Series D6.Date Of Maturity 14/05/2030	8.70%	1,090.00	-
8.20% Secured Rated Listed Redeemable Non Convertible Debentures.Series D7.Date Of Maturity 28/09/2026	8.20%	1,120.00	-
8.25% Secured Rated Listed Redeemable Non Convertible Debenture. Series I Tranche II. Date Of Maturity 03/01/2025	8.25%	2,257.16	-
Secured Rated Listed Redeemable Non Convertible Debenture. Series II Tranche II. Date Of Maturity 03/01/2025.	8.25%	267.33	-
8.20% Secured Rated Listed Redeemable Non Convertible Debenture. Series III Tranche II. Date Of Maturity 03/01/2027	8.20%	526.52	-
8.50% Secured Rated Listed Redeemable Non Convertible Debenture. Series IV Tranche II. Date Of Maturity 03/01/2027	8.50%	135.98	-
Secured Rated Listed Redeemable Non Convertible Debenture. Series V Tranche II. Date Of Maturity 03/01/2027.	8.50%	42.49	-
8.43% Secured Rated Listed Redeemable Non Convertible Debenture. Series VI Tranche II. Date Of Maturity 03/01/2029.	8.43%	537.36	-
8.75% Secured Rated Listed Redeemable Non Convertible Debenture. Series VII Tranche II. Date Of Maturity 03/01/2029	8.75%	221.77	-
Secured Rated Listed Redeemable Non Convertible Debenture. Series VIII Tranche II. Date Of Maturity 03/01/2029	8.75%	55.27	-
8.59% Secured Rated Unlisted Redeemable Non Convertible Debenture. Series Ad I.Date Of Maturity 25/02/2030	8.59%	4,333.00	-
5.00% Secured Rated Unlisted Redeemable Non Convertible Debenture. Series Ad II. Date Of Maturity 28/02/2031	5.00%	747.00	-
Zero Coupon Secured Listed Redeemable Non Convertible Debentures. Series B8 Option B. Date of Maturity 06/04/2021	8.20%	-	270.60
8.00% Secured Redeemable Non-Convertible Debentures. Series C6. Date of Maturity 29/04/2021	8.00%	-	2,500.00
Zero Coupon Secured Redeemable Non-Convertible Debentures. Series C8. Date of Maturity 30/04/2021	8.75%	-	100.00
Zero Coupon Secured Rated Listed Redeemable Non-Convertible Debentures. Series B9 Option B. Date of Maturity 30/04/2021	8.70%	-	532.56
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series B12 Option 1. Date of Maturity 19/05/2021	9.25%	-	500.00
Zero Coupon Secured Listed Rated Redeemable Non Convertible Debentures. Series C10. Date of Maturity 25/05/2021	9.25%	-	260.00
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series B10 Option B. Date of Maturity 25/05/2021	8.80%	-	260.00
IDFC MCLR Linked Secured Rated Listed Redeemable Non Convertible Debentures. Series B11. Date of Maturity 28/06/2021	9.20%	-	2,000.00
Zero Coupon Secured Non Convertible Debentures - G-Sec MLD 2021. D3 Option I Date of Maturity - 27/09/2021	9.50%	-	1,070.13

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
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(₹ in Millions)

Description of security	Coupon/ Yield	As at March 31, 2022	As at March 31, 2021
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C3 Option 2. Date of Maturity 15/07/2021	9.35%	-	240.00
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C3 Option 1. Date of Maturity 26/07/2021	9.35%	-	2,350.59
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series B12 Option 2. Date of Maturity 05/08/2021	9.25%	-	250.00
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C4. Date of Maturity 11/08/2021	9.35%	-	967.80
Nifty Linked Secured Listed Redeemable Non Convertible Debentures. Date of Maturity 19/10/2021	9.96%	-	1,110.00
Nifty Linked Secured Listed Redeemable Non Convertible Debentures. Date of Maturity 19/10/2021	9.75%	-	1,000.00
Nifty Linked Secured Listed Redeemable Non Convertible Debentures. Date of Maturity 19/10/2021	9.87%	-	500.00
Nifty Linked Secured Listed Redeemable Non Convertible Debentures. Date of Maturity 19/10/2021	9.93%	-	250.00
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C9. Date of Maturity 26/10/2021	10.20%	-	100.00
10.20% Secured Redeemable Non Convertible Debentures. Date of Maturity 03/11/2021	10.20%	-	2,875.00
8.90% Secured Redeemable Non-Convertible Debentures. Series B2 Option I. Date of Maturity 03/11/2021	8.90%	-	50.00
8.00% 10 Year G-SEC Rate Linked Secured Rated Listed Redeemable Non Convertible Debenture Series D8. Date of Maturity 01/12/2021	8.00%	-	751.80
8.00% Secured Rated Listed Redeemable Non Convertible Debenture Series D6. Date of Maturity 07/01/2022	8.00%	-	2,000.00
9.38% Secured Rated Listed Redeemable Non Convertible Debentures. Series C3 Option 3. Date of Maturity 24/01/2022	9.38%	-	500.00
8.00% Secured Rated Listed Redeemable Non Convertible Debenture Series D7. Date of Maturity 18/02/2022	8.00%	-	1,000.00
Nifty Linked Secured Listed Redeemable Non Convertible Debentures. Date of Maturity 14/03/2022	8.73%	-	127.50
7.70% Secured Rated Listed Redeemable Senior Non Convertible Debenture Series D12. Date of Maturity 24/03/2022	7.70%	-	1,000.00
8.00% Secured Rated Listed Redeemable Senior Non Convertible Debenture Series D9. Date of Maturity 30/03/2022	8.00%	-	2,250.00
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C7. Date of Maturity 04/04/2022	9.45%	240.00	240.00
G-Sec Linked Secured Rated Listed Redeemable Non Convertible Debentures. Series C6. Date of Maturity 21/04/2022	9.35%	298.00	334.00
9.50% Secured Rated Listed Redeemable Non Convertible Debenture. Series I. Date of Maturity 07/05/2022	9.50%	2,605.00	2,605.00
9.60% Secured Rated Listed Redeemable Non Convertible Debenture. Series I. Date of Maturity 07/05/2022	9.60%	366.92	364.44
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debenture. Series II - Category II,III & IV. . Date of Maturity 07/05/2022	9.60%	422.42	437.10
10.00% Secured Rated Listed Redeemable Non Convertible Debentures. SMFL NCD Series 5 Date of Maturity 11/02/2022	10.00%	-	250.00
10.00% Secured Rated Listed Redeemable Non Convertible Debentures. SMFL NCD Series 5 Date of Maturity 11/02/2022	10.00%	-	250.00
10.00% Secured Rated Listed Redeemable Non Convertible Debentures. SMFL NCD Series 5 Date of Maturity 11/02/2022	10.00%	-	500.00

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Description of security	Coupon/ Yield	As at March 31, 2022	As at March 31, 2021
8.00% Secured Redeemable Non Convertible Debentures. Series Series D1. Date of Maturity: 18/02/2022	8.00%	-	1,250.00
8.61% Secured Rated Listed Redeemable Non Convertible Debentures. Series B10 Option A. Date of Maturity 13/05/2022	8.56%	281.25	843.75
8.00% Secured Rated Listed Redeemable Senior Non Convertible Debenture Series D10. Date of Maturity 17/05/2022	8.00%	1,000.00	1,000.00
8.00% Secured Rated Listed Redeemable Non Convertible Debenture Series D11. Date of Maturity 26/05/2022	8.00%	250.00	250.00
G-sec Linked Secured Rated Listed Senior Redeemable Principal Protected Market Linked Non Convertible Debentures. Series 1. Date of Maturity 02/06/2022	9.55%	150.00	150.00
15.25% Secured Redeemable Non-Convertible Debentures. Date of Maturity 30/06/2022	15.25%	50.00	50.00
Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C8. Date of Maturity 29/09/2022	9.55%	580.00	580.00
Zero Coupon Secured Non Convertible Debentures - Nifty Enhancer Structure- MLD 2022. D3 Option II. Date of Maturity 27/09/2022	9.50%	219.30	254.50
9.50% Secured Non Convertible Debentures - Tranche II. Series II. Date of Maturity 06/12/2022	9.50%	331.65	343.16
Zero Coupon Secured Non Convertible Debentures - Tranche II. Series III. Date of Maturity 06/12/2022	9.85%	107.69	113.93
9.85% Secured Non Convertible Debentures - Tranche II. Series IV. Date of Maturity 06/12/2022	9.85%	644.42	646.96
G-sec Linked Secured Rated Listed Senior Redeemable Principal Protected Market Linked Non Convertible Debentures. Series 2. Date of Maturity 02/01/2023	9.65%	150.00	150.00
9.75% Secured Redeemable Non Convertible Debentures - Series D4. Date of Maturity 17/01/2023	9.85%	50.00	50.00
10.50% Secured Rated Unlisted Redeemable Non Convertible Debentures. Date of Maturity 18/03/2023	10.50%	500.00	1,000.00
9.00% Secured Rated Listed Redeemable Non Convertible Debenture Series D5. Date of Maturity 08/05/2023	9.00%	1,000.00	1,000.00
11.50% Rated, Listed, Senior, Secured, Taxable, Redeemable Non Convertible Debentures. Series 1. Date of Maturity 05/06/2023	11.50%	200.00	200.00
11.50% Rated, Listed, Senior, Secured, Taxable, Redeemable Non Convertible Debentures. Series 1. Date of Maturity 05/06/2023	11.50%	150.00	150.00
11.50% Rated, Listed, Senior, Secured, Taxable, Redeemable Non Convertible Debentures. Series 1. Date of Maturity 05/06/2023	11.50%	250.00	250.00
11.50% Secured Listed, Rated Senior Taxable Redeemable Non-Convertible Debentures. SMFL NCD Series 3. Date of Maturity 21/04/2023	11.50%	1,000.00	1,000.00
11.50% Secured Listed, Rated Senior Taxable Redeemable Non-Convertible Debentures. SMFL NCD Series 3. Date of Maturity 21/04/2023	11.50%	150.00	150.00
11.50% Rated, Listed, Senior, Secured, Redeemable, Taxable, INR Denominated Non-Convertible Debentures. SMFL NCD Series 4. Date of Maturity 10/07/2023	11.50%	250.00	250.00
9.75% Secured Rated Listed Redeemable Non Convertible Debenture. Series III. Date of Maturity - 07/02/2024	9.75%	1,704.24	1,729.16
10.20% Secured Rated Listed Redeemable Non Convertible Debenture. Series IV. Date of Maturity - 07/02/2024	10.20%	1,118.01	1,133.88

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(₹ in Millions)

Description of security	Coupon/ Yield	As at March 31, 2022	As at March 31, 2021
G-sec Linked Secured Rated Listed Principal Protected Redeemable Non Convertible Debentures. Series C 12. Date of Maturity 25/04/2024	9.12%	501.89	501.89
G-sec Linked Secured Rated Listed Senior Redeemable Market Linked Principal Protected Non Convertible Debentures. Date of Maturity 30/04/2024	9.00%	590.00	590.00
G-sec Linked Secured Rated Unlisted Principal Protected Redeemable Non Convertible Debentures. Series C 14. Date of Maturity 27/06/2024	10.30%	200.00	200.00
10.33% Secured Rated Listed Redeemable Non Convertible Debenture. Series C11. Date of Maturity - 19/12/2025	10.33%	150.00	150.00
10.05% Secured Rated Listed Redeemable Non Convertible Debenture. Series C13. Date of Maturity 20/03/2026	10.05%	150.00	150.00
5.875% Secured MTN Dollar Bond. Date of Maturity- 20/04/2023 *	11.03% (P.Y. 11.09%)	24,534.03	28,074.23
8.60% Secured Redeemable Non Convertible Debentures. Series. Seris D3.Date of Maturity : 11/02/2028	8.60%	180.00	180.00
8.62% Secured Redeemable Non Convertible Debentures. Series. Series D4.Date of Maturity 12/03/2028	8.62%	-	190.00
9.18% Secured Redeemable Non Convertible Debentures. Series C15. Date of Maturity 03/10/2029	9.18%	3,000.00	3,000.00
8.69% Secured Redeemable Non Convertible Debentures. Series. Series D2. Date of Maturity 12/11/2030.	8.69%	3,000.00	3,000.00
TOTAL		**74,636.58**	**78,377.98**

* includes hedging cost

NOTE 20. BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in Millions)

Particulars	At Amortized Cost	
	As at March 31, 2022	**As at March 31, 2021**
(A)		
(a) Term loan		
(i) From Banks, NHB and Financial Institutions (refer note (a), (b) and 20.1)	218,645.63	163,852.17
(ii) From others (refer note (c) and 20.1)	7,579.25	7,311.00
Less : Prepaid expenses	(846.69)	(494.07)
(b) Other loans		
(i) Cash credit/ overdraft (refer note (a) and 20.2)	3,350.85	6,693.66
(ii) Securitization liability (refer note 20.2)	24,065.08	38,405.62
Less : Prepaid expenses	(117.92)	(104.09)
(c) Interest accrued but not due	514.08	579.29
Total (A)	**253,190.28**	**216,243.58**
(B)		
Borrowings in India	237,914.96	205,261.04
Borrowings outside India	15,275.32	10,982.54
Total (B)	**253,190.28**	**216,243.58**

Notes:

(a) These loans are secured by way of a first pari-passu charge over the current assets in the form of receivables, book debts, bills, outstanding monies receivables including future movable assets, other than those specifically charged.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(b) During the year ended March 31, 2022, the Company had borrowed ₹ 3,792.50 Million (equivalent to USD 50 Million) under the External Commercial Borrowings towards refinancing of existing outstanding Medium Term Notes. These are secured by way of all rights, titles, interest, benefits, claims and demands, whatsoever of the Company in, to and in respect of, all present and future, receivables/assets, including Company's accounts, operating cash flows, current assets, book debts, stock in trade,loans and advances and receivables, both present and future to the extent of complying with the Security Coverage Ratio.

(c) These loans are secured by way of first paripassu charge by way of hypothecation on the standard receivables of the company with asset cover of 1.20 times of the sanction amount.

Note 20.1 - Terms of repayment of Term loans

Residual Maturity	As at March 31, 2022		As at March 31, 2021	
	Rate of Interest/ Yield	Amount (₹ in Millions)	Rate of Interest/ Yield	Amount (₹ in Millions)
Term loans from Banks and Financial institutions:*				
Fixed:		**22,193.21**		**14,811.63**
More than 5 years			8.70%	90.00
3- 5 years	8.45%-9.80%	1,317.90	8.62% - 11.50%	983.66
1-3 years	8.00% -11.50%	11,247.48	8.10% - 12.00%	8,388.25
Less than 1 year	7.05% -12.00%	9,627.83	7.00% - 12.00%	5,349.72
Floating:		**168,815.44**		**121,584.57**
More than 5 years	7.70% - 9.50%	14,259.62	7.80% - 9.50%	10,623.50
3- 5 years	7.70% -9.75%	23,132.28	7.60% - 10.30%	17,387.04
1-3 years	7.40% -11.00%	73,840.97	7.50% - 11.75%	52,238.16
Less than 1 year	6.00%-11.75%	57,582.57	6.21% - 12.15%	41,335.87
Term loans from NHB:				
Fixed:		**27,636.98**		**27,455.97**
More than 5 years	2.94 % - 6.85 %	6,526.29	3.00% - 8.95%	6,030.38
3- 5 years	2.94 % - 8.18 %	5,941.45	3.00% - 8.95%	5,763.08
1-3 years	2.94 % - 8.18 %	9,098.82	3.00% - 8.95%	7,319.86
Less than 1 year	2.94 % - 8.80 %	6,070.42	3.00% - 8.95%	8,342.65
Term loans from others:**				
Floating:		**7,579.25**		**7,311.00**
3- 5 years	8.62%	7,579.25	8.62%	7,311.00
Total		**226,224.88**		**171,163.17**

* The rate of interest for the above term loans is linked to marginal cost of funds based lending rate/ treasury bills plus applicable spread. The above categorization of loans has been based on the interest rates prevalent as on the respective reporting dates.

** The rate of interest for the above loan is linked to the benchmark plus appropriate spread.

Note 20.2 - Terms of repayment of Other loans

Residual Maturity	As at March 31, 2022		As at March 31, 2021	
	Rate of Interest / Yield	Amount (₹ in Millions)	Rate of Interest / Yield	Amount (₹ in Millions)
Less than 1 year - CC/ ODFD ***	3.75% - 10.00%	3,350.85	3.75% - 10.50%	6,693.66
Securitization:		**24,065.08**		**38,405.62**
Fixed:		**19,892.16**		**33,031.36**
3- 5 years			10.00%	713.81
1-3 years	7.25% - 7.95%	19,452.46	7.50% - 10.10%	28,430.53
Less than 1 year	9.75% - 10.00%	439.70	7.72%	3,887.02
Floating:		**4,172.92**		**5,374.26**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Residual Maturity	As at March 31, 2022		As at March 31, 2021	
	Rate of Interest / Yield	Amount (₹ in Millions)	Rate of Interest / Yield	Amount (₹ in Millions)
More than 5 years	6.35% - 7.80%	3,192.04	6.45% - 8.20%	3,852.22
3- 5 years	6.35% - 7.80%	391.94	6.45% - 8.20%	641.88
1-3 years	6.35% - 7.80%	443.00	6.45% - 8.20%	605.81
Less than 1 year	6.35% - 7.80%	145.94	6.45% - 8.20%	274.35
Total		**27,415.93**		**45,099.28**

***The rate of interest for the above loans is linked to marginal cost of funds based lending rate/ fixed deposits plus applicable spread. The above categorization of loans has been based on the interest rates prevalent as on the respective reporting dates.

NOTE 21. SUBORDINATED LIABILITIES

(₹ in Millions)

Particulars	At Amortized Cost	
	As at March 31, 2022	As at March 31, 2021
(A)		
(i) Non Convertible Debentures (Refer Note 21.1, 21.2 and 21.3)	24,298.04	21,349.52
Less : Unamortised debenture issue expenses	(503.14)	(340.35)
(ii) Interest accrued but not due	1,885.59	2,010.11
Total (A)	**25,680.49**	**23,019.28**
(B)		
Subordinated liabilities in India	22,209.63	19,550.64
Subordinated liabilities outside India	3,470.86	3,468.64
Total (B)	**25,680.49**	**23,019.28**

Note 21. 1 - Terms of Repayment

Residual Maturity	As at March 31, 2022		As at March 31, 2021	
	Rate of Interest/ Yield	Amount (₹ in Millions)	Rate of Interest/ Yield	Amount (₹ in Millions)
Non Convertible Debenture (Unsecured)				
Fixed:		**21,836.77**		**14,598.54**
More than 5 years	8.70% -10.50%	19,347.52	8.70% - 10.50%	12,289.29
3- 5 years	10.00%	259.25	10.00%	259.25
1-3 years	8.93% -12.10%	1,750.00	8.93% - 16.90%	1,230.00
Less than 1 years	12.15% -16.90%	480.00	9.30% - 10.75%	820.00
Zero Coupon		**2,461.27**		**6,750.98**
More than 5 years	9.35% -10.03%	2,403.44	9.35% - 10.03%	2,446.60
3- 5 years	10.50%	57.83	9.05% - 10.50%	1,014.67
Less than 1 years	-	-	9.00%	3,289.71
Total		**24,298.04**		**21,349.52**

21.2: Non Convertible Debentures – Unsecured includes redeemable non convertible debenture which carries call option ₹ 100.00 Million (from February 28, 2024), ₹ 1,265.16 Million (from May 14, 2024), ₹ 400.00 Million (from June 18, 2025) and ₹ 300.00 Million (from July 14, 2025) {as at March 31, 2021 Non Convertible Debentures – Unsecured includes redeemable non convertible debenture which carries call option ₹ 100.00 Million (from February 28, 2024) , ₹ 1,265.16 Million (from May 14, 2024), ₹ 400.00 Million (from June 18, 2025) and ₹ 300.00 Million (from July 14, 2025)}.

21.3: Includes debentures amounting to ₹ 110 Million (P.Y ₹ 110 Million) in respect of which the company is having a call option at the end of the 5th year from the date of allotment July 20, 2018 and every year there after.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Note 21.4 - Non Convertible Debentures - instrument wise details

(₹ in Millions)

Description of security	Coupon/ Yield	As at March 31, 2022	As at March 31, 2021
9.35% Unsecured Rated Listed Subordinated Redeemable Non Convertible Debenture Series D16 Option B.Date of Maturity 24/03/2032	9.35%	500.00	-
10.00% Unsecured Rated Listed Redeemable Non Convertible Debentures.Series I. Date Of Maturity : 03/11/2028	10.00%	2,327.22	-
9.60% Unsecured Rated Listed Redeemable Non Convertible Debentures.Series II.Date Of Maturity : 03/11/2028	9.60%	3,828.24	-
10.02% Unsecured Rated Listed Redeemable Non Convertible Debentures. Series III. Date Of Maturity : 03/11/2028	10.02%	402.78	-
10.50% Unsecured Redeemable Non Convertible Subordinated Debentures. Series U01. Date of Maturity 26/07/2021	10.50%	-	170.00
10.50% Unsecured Redeemable Non Convertible Subordinated Debentures. Series U02. Date of Maturity 10/08/2021	10.50%	-	100.00
10.75% Unsecured Redeemable Non Convertible Debentures. Series U01. Date of Maturity 10/09/2021	10.75%	-	200.00
10.50% Unsecured Redeemable Non Convertible Debentures. Series U02. Date of Maturity 16/09/2021	10.50%	-	150.00
Zero Coupon Unsecured Redeemable Non Convertible Debentures. G-Sec Linked Covered PPMLD Series G1. Date of Maturity 21/10/2021	9.00%	-	1,130.09
Zero Coupon Unsecured Redeemable Non Convertible Debentures. G-Sec Linked Covered PPMLD Series G2. Date of Maturity 22/11/2021	9.00%	-	2,159.63
9.30% Unsecured Subordinate Non Convertible Debentures. Series U03. Date of Maturity 25/01/2022	9.30%	-	100.00
9.30% Unsecured Subordinate Non Convertible Debentures. Series U04. Date of Maturity 11/02/2022	9.30%	-	100.00
16.90% Unsecured Subordinated Redeemable Non-Convertible Debentures. Date of Maturity 30/06/2022	16.90%	50.00	50.00
12.15% Unsecured Redeemable Non-Convertible Debenture. Date of Maturity 30/08/2022	12.15%	200.00	200.00
12.20% Unsecured Redeemable Subordinated Taxable Non Convertible Debentures. Date of Maturity 04/11/2022	12.20%	230.00	230.00
8.93% Unsecured Subordinated Listed Redeemable Non-Convertible Debentures. Series U07. Date of Maturity 14/04/2023	8.93%	500.00	500.00
12.10% Unsecured Redeemable Non Convertible Debentures. Series 1.Date of Maturity 24/05/2023	12.10%	100.00	100.00
9.30% Unsecured Redeemable Non Convertible Subordinated Debentures. Series Uo5. Date of Maturity 29/05/2023	9.30%	150.00	150.00

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Description of security	Coupon/ Yield	As at March 31, 2022	As at March 31, 2021
Nifty Linked Unsecured Listed Subordinated Redeemable Non-Convertible Debentures. Date of Maturity 19/04/2024	10.24%	218.50	218.50
Nifty Linked Unsecured Listed Subordinated Redeemable Non-Convertible Debentures. Date of Maturity 19/04/2024	10.15%	671.50	671.50
Nifty Linked Unsecured Listed Subordinated Redeemable Non-Convertible Debentures. Date of Maturity 19/04/2024	9.05%	66.84	66.84
10.00% Unsecured Redeemable Non Convertible Debentures. Tranche II. Series V. Date of Maturity - 06/06/2025	10.00%	259.25	259.25
Zero Coupon Unsecured Redeemable Non Convertible Debentures. Tranche II. Series VI. Date of Maturity 06/06/2025	8.85%	57.83	57.83
8.85% Unsecured Subordinated Listed Redeemable Non-Convertible Debentures. Series U06. Date of Maturity 27/07/2027	8.85%	750.00	750.00
8.70% Unsecured Redeemable Non-Convertible Subordinated Debentures – Series U03. Date of Maturity 19/11/2027	8.70%	1,000.00	1,000.00
9.05% Unsecured Subordinated Rated Listed Redeemable Non-Convertible Debentures. Series U08. Date of Maturity 28/02/2028	9.05%	100.00	100.00
9.85% Unsecured Subordinated Rated Listed Redeemable Non-Convertible Debentures. Series U09. Date of Maturity 16/06/2028	9.85%	400.00	400.00
10.00% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series I . Date of Maturity 24/06/2028	10.00%	2,746.92	2,746.92
9.60% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series II . Date of Maturity 24/06/2028	9.60%	3,280.23	3,280.23
Zero Coupon Unsecured Rated Listed Redeemable Non Convertible Debenture. Series III . Date of Maturity 24/06/2028	10.03%	681.44	681.44
9.00% India Infoline (Regs) 18-2028_Rupee Denominated Bond. Date of Maturity - 28/06/2028	9.00%	3,250.00	3,250.00
9.85% Unsecured Subordinated Rated Listed Redeemable Non-Convertible Debentures. Series U010. Date of Maturity 13/07/2028	9.85%	300.00	300.00
G-Sec Linked Unsecured Rated Listed Redeemable Non-Convertible Debentures. Series Ua3. Date of Maturity 11/08/2028	9.40%	1,265.16	1,265.16
Zero coupon Unsecured Rated Listed Redeemable Non Convertible Subordinated Debentures IIFL MLD-2028. Series U04. Date of Maturity 25/08/2028	9.35%	500.00	500.00
10.00% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series V. Date of Maturity - 07/02/2029	10.00%	307.65	307.65
10.50% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series VI. Date of Maturity - 07/02/2029	10.50%	154.48	154.48
Total		**24,298.04**	**21,349.52**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 22. OTHER FINANCIAL LIABILITIES

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Temporary overdrawn bank balances	7,471.86	4,633.92
Payable on account of assignment/securitization	20,233.37	15,811.40
Payable towards NCD	34.60	41.13
Unclaimed dividend	5.19	5.52
Other payables (auction proceeds, retention payable, etc.) (refer note 22.1 and 22.2)	461.32	421.80
Total	**28,206.34**	**20,913.77**

Note 22.1: During the year, amount of ₹ 5.94 million (P.Y ₹ 3.45 million) was transferred to Investor Education and Protection Fund (IEPF). ₹ 0.66 million was pending to be transferred as on March 31, 2021 and was transferred within 30 days of becoming due. As of March 31, 2022, ₹ 0.12 Millions (P.Y. ₹ 0.05 Millions) was due for transfer to the IEPF. The same has been subsequently transferred.

Note 22.2: Includes liability towards Credit Link Subsidy Scheme received from NHB of ₹ 0.37 Million (P.Y ₹ 0.16 Million)

Note 23. PROVISIONS

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits	315.25	274.32
Provision for leave encashment	187.90	154.53
Provision for gratuity (refer note 33.2)	47.92	30.50
Expected loan loss provision on loans sanctioned but undrawn	90.00	36.40
Total	**641.07**	**495.75**

Note 24. OTHER NON-FINANCIAL LIABILITIES

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Income received in advance	0.41	31.64
Advances from customers	638.08	1,535.85
Statutory remittances	390.94	242.46
Total	**1,029.43**	**1,809.95**

NOTE 25: EQUITY SHARE CAPITAL

(i) Authorised, Issued, Subscribed and Paid-up Share Capital

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised Share Capital		
2,355,250,000 Equity Shares (P.Y 2,355,250,000) of ₹ 2 each	4,710.50	4,710.50
500,000,000 Preference Shares (P.Y 500,000,000) of ₹ 10 each	5,000.00	5,000.00
Total	**9,710.50**	**9,710.50**
Issued, Subscribed and Paid-up Share Capital		
379,598,711 Equity Shares (P.Y 378,840,676) of ₹ 2 each fully paid with voting rights	759.20	757.68
Total	**759.20**	**757.68**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(ii) Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	₹ in Millions	No. of Shares	₹ in Millions
Equity Shares				
At the beginning of the year	378,840,676	757.68	378,340,922	756.68
Add: Shares issued during the year	758,035	1.52	499,754	1.00
Outstanding at the end of the year	**379,598,711**	**759.20**	**378,840,676**	**757.68**

(iii) Rights attached to equity shares

The Company has issued only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. During the year ended March 31, 2022, equity shareholders were paid an interim dividend of ₹ 3.50/- (P.Y ₹ 3.00/-) per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. However, no such preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iv) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	% Holdings	No. of Shares	% Holdings
Equity shares of ₹ 2 each fully paid up				
FIH Mauritius Investments Ltd.	84,641,445	22.30%	84,641,445	22.34%
CDC Group PLC	29,501,587	7.77%	58,501,587	15.44%
Nirmal Bhanwarlal Jain	47,719,154	12.57%	47,719,154	12.60%
HWIC Asia Fund Class A shares	-	0.00%	28,362,530	7.49%
Smallcap World Fund, Inc	19,671,937	5.18%	-	0.00%
Parajia Bharat Himatlal	20,388,602	5.37%	19,695,000	5.20%

(v) Details of Shareholding of Promoters

Name of the promoter	As at March 31, 2022		
	No. of Shares	% of total shares	% Change during the year*
Nirmal Bhanwarlal Jain	47,719,154	12.57%	-0.03%
Madhu N Jain	12,075,000	3.18%	-0.01%
Venkataraman Rajamani	10,984,432	2.89%	-0.01%
Harshita Jain and Mansukhlal Jain (in their capacity as Trustees of Nirmal Madhu Family Private Trust)	10,000,000	2.63%	-0.01%
Aditi Avinash Athavankar (in her capacity as Trustee of Kalki Family Private Trust)	9,000,000	2.37%	-0.01%
Aditi Athavankar	200,000	0.05%	0.00%
Ardent Impex Pvt Ltd	3,268,904	0.86%	0.00%
Orpheus Trading Pvt Ltd	1,300,000	0.34%	0.00%
Total	**94,547,490**	**24.91%**	

* The change in percentage is due to dilution of Share Capital

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Name of the promoter	As at March 31, 2021		
	No. of Shares	% of total shares	% Change during the year
Nirmal Bhanwarlal Jain	47,719,154	12.60 %	0.12%
Madhu N Jain	12,075,000	3.19 %	Nil
Venkataraman Rajamani	10,984,432	2.90 %	Nil
Harshita Jain and Mansukhlal Jain (in their capacity as Trustees of Nirmal Madhu Family Private Trust)	10,000,000	2.64 %	Nil
Aditi Avinash Athavankar (in her capacity as Trustee of Kalki Family Private Trust)	9,000,000	2.38 %	Nil
Aditi Athavankar	200,000	0.05 %	Nil
Ardent Impex Private Limited	3,268,904	0.86 %	(0.07)%
Orpheus Trading Private Limited	1,300,000	0.34 %	Nil
Total	**94,547,490**	**24.96** %	

(vi) During the period of five years immediately preceding the Balance Sheet date, the Company has not issued any shares without payment being received in cash or by way of bonus shares or shares bought back except for 58,654,556 equity shares alloted on account of merger during the year ended March 31, 2020.

(vii) Shares reserved for issue under options and contracts/ commitments for sale of shares/ disinvestments, including the terms and amount: Refer note 39 for details of shares reserved for issue under Employee Stock Option Plan of the Group.

Note 25.1: Other Equity

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Share Application Money	-	-
Capital Reserve	**838.85**	**838.85**
Securities Premium Reserve		
Opening Balance	18,409.81	18,352.60
Add: Share issue expenses	(83.40)	-
Add: Addition during the year	84.52	44.59
Add/(Less): Transfer to/ (from) reserves	47.57	12.62
Closing Balance	**18,458.50**	**18,409.81**
General Reserve		
Opening Balance	6,531.47	6,524.65
Add/(Less): Transfer to/ (from) reserves	0.66	6.82
Closing Balance	**6,532.13**	**6,531.47**
Special Reserve Pursuant to Section 45 IC of Reserve Bank of India Act, 1934		
Opening Balance	6,402.53	5,582.94
Add/(Less): Transfer to/ (from) reserves	2,053.51	819.59
Closing Balance	**8,456.04**	**6,402.53**
Special Reserve Pursuant to Section 29C of National Housing Bank Act, 1987		
Opening Balance	2,873.70	2,068.70
Add/(Less): Transfer to/ (from) reserves	1,156.00	805.00
Closing Balance	**4,029.70**	**2,873.70**
Capital Redemption Reserve	**2,301.11**	**2,301.11**
Debenture Redemption Reserve	**128.04**	**128.04**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Retained Earnings		
Opening Balance	15,899.31	11,055.30
Add: Profit for the year	11,878.93	7,601.18
Less: Interim dividend	(1,328.20)	(1,135.41)
Add: Change in minority	3.67	2.73
Add/(Less): Transfer to/ (from) reserves	(3,126.57)	(1,624.59)
Add: Addition during the year	-	0.10
Closing Balance	**23,327.14**	**15,899.31**
Stock Compensation Reserve		
Opening Balance	159.06	174.14
Add: Addition during the year	30.98	4.36
Add/(Less): Transfer to/ (from) reserves	(48.22)	(19.44)
Closing Balance	**141.82**	**159.06**
Effective portion of Cash Flow Hedges		
Opening Balance	(384.14)	(130.62)
Add: Other comprehensive income/ (loss)	(9.76)	(253.52)
Closing Balance	**(393.90)**	**(384.14)**
Fair value of loans carried at FVTOCI		
Opening Balance	(5.72)	-
Add: Other comprehensive income/ (loss)	102.16	(5.72)
Closing Balance	**96.44**	**(5.72)**
Remeasurements of defined benefit		
Opening Balance	(36.57)	(52.66)
Add: Other comprehensive income/ (loss)	(0.21)	16.09
Closing Balance	**(36.78)**	**(36.57)**
Total	**63,879.09**	**53,117.45**

NON-CONTROLLING INTEREST

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Balance	59.11	56.40
Profit for the year	3.57	6.92
Other comprehensive income	(0.05)	(0.02)
Interim dividend	-	(1.46)
Change in minority	(3.67)	(2.73)
Closing balance	**58.96**	**59.11**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 26.1 INTEREST INCOME

(₹ in Millions)

Particulars	FY 2021-22				FY 2020-21			
	On financial assets measured at amortized cost	On financial assets classified at fair value through profit or loss	On financial assets classified at fair value through OCI	Total	On financial assets measured at amortized cost	On financial assets classified at fair value through profit or loss	On financial assets classified at fair value through OCI	Total
Interest on loans	53,391.17	-	6,833.11	**60,224.28**	45,495.17	-	7,480.78	**52,975.95**
Interest on investments	9.01	696.17	-	**705.18**	12.34	129.12	-	**141.46**
Interest on deposits with banks	900.12	-	-	**900.12**	827.29	-	-	**827.29**
Interest on inter corporate deposit	118.93	-	-	**118.93**	267.35	-	-	**267.35**
Other income	0.18	-	-	**0.18**	-	-	-	**-**
Total	**54,419.41**	**696.17**	**6,833.11**	**61,948.69**	**46,602.15**	**129.12**	**7,480.78**	**54,212.05**

NOTE 26.2 DIVIDEND INCOME

The Group received dividend income amounting to ₹ 0.01 Million (P.Y ₹ 59.44 Million).

NOTE 27. FEES AND COMMISSION INCOME

(₹ in Millions)

Particulars	FY 2021-22	FY 2020-21
Administration fees & other charges	1,379.35	978.73
Insurance commission	152.64	133.82
Total	**1,531.99**	**1,112.55**

NOTE 28. NET GAIN/(LOSS) ON FAIR VALUE CHANGES

(₹ in Millions)

Particulars	FY 2021-22	FY 2020-21
Net gain/ (loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	770.69	1,716.05
- Derivatives	-	-
Fair value changes		
- Realised	771.98	1,618.19
- Unrealised	(1.29)	97.86
Total net gain/(loss) on fair value changes	**770.69**	**1,716.05**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 29. OTHER INCOME

(₹ in Millions)

Particulars	FY 2021-22	FY 2020-21
Interest on income tax refund	6 .75	1.22
Rent income	-	26.62
Profit on sale of fixed assets	3.59	2.92
Gain/(loss) on cancellation of forwards, swaps, options and modification	-	174.98
Profit on sale of Held for Sale Assets	15.39	-
Marketing, advertisement and support service fees	1 331.51	1,107.84
Miscellaneous income	341.90	185.56
Total	**1,699.14**	**1,499.14**

NOTE 30. FINANCE COST

(₹ in Millions)

Particulars	On Financial liabilities measured at Amortized Cost	
	FY 2021-22	FY 2020-21
Interest on debt securities (refer note 30.1)	8,498.16	8,345.89
Interest on borrowings (other than debt securities) (refer note 30.1)	17,804.30	15,091.90
Interest on subordinated liabilities	2,347.16	1,826.37
Interest on inter corporate deposit	91.95	88.93
Interest expense on lease - Ind AS 116	307.87	269.45
Other borrowing cost (refer note 30.1)	860.61	635.73
Total	**29,910.05**	**26,258.27**

Note 30.1: Includes foreign currency expenses amounting to ₹ 2,515.44 Million (P.Y ₹ 2,014.39 Million)

NOTE 31. NET (GAIN)/ LOSS ON DERECOGNITION OF FINANCIAL INSTRUMENTS UNDER AMORTISED COST CATEGORY

(₹ in Millions)

Particulars	FY 2021-22	FY 2020-21
(A) Net (gain) on derecognition of financial instruments under amortised cost category		
- Interest strip on assignment of loans	(4,112.27)	(1,297.66)
(B) Net loss on derecognition of financial instruments under amortised cost category		
- Bad debts written off (net)	9,042.17	6,482.98

NOTE 32. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in Millions)

Particulars	FY 2021-22			FY 2020-21		
	On financial assets measured at amortised cost	On financial assets classified at fair value through OCI	Total	On financial assets measured at amortised cost	On financial assets classified at fair value through OCI	Total
Loans (refer note 8.3)	(90.36)	8.78	**(81.58)**	4,754.65	88.20	**4,842.85**
Other financial assets	(85.82)	-	**(85.82)**	360.50	-	**360.50**
Total	**(176.18)**	**8.78**	**(167.40)**	**5,115.15**	**88.20**	**5,203.35**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 33. EMPLOYEE BENEFIT EXPENSES

(₹ in Millions)

Particulars	FY 2021-22	FY 2020-21
Salaries	8,313.33	6,448.56
Contribution to provident and other funds (refer note 33.1)	548.80	412.14
Leave encashment	91.18	88.67
Gratuity (refer note 33.2)	64.42	67.09
Staff welfare expenses*	270.12	196.94
Share based payments	19.48	17.51
Total	**9,307.33**	**7,230.91**

* Includes foreign currency expenses incurred amounting to ₹ 0.05 Million (P.Y Nil)

33.1 Defined contribution plans

The Group has recognised the following amounts as an expense and included in the Employee benefit expenses

(₹ in Millions)

Particulars	FY 2021-22	FY 2020-21
Contribution to Provident fund	332.02	242.42
Contribution to Employee State Insurance Corporation	78.68	64.25
Contribution to Labour welfare fund	1.47	0.99
Company contribution to employee pension scheme	132.28	100.46
Contribution to NPS & IVTB	4.35	4.02
Total	**548.80**	**412.14**

33.2 Gratuity disclosure statement

(₹ in Millions)

Particulars	FY 2021-22			FY 2020-21		
	Finance	HFC	Samasta	Finance	HFC	Samasta
Type of Benefit	Gratuity			Gratuity		
Country	India			India		
Reporting Currency	INR			INR		
Reporting Standard	Indian Accounting Standard 19 (Ind AS 19)			Indian Accounting Standard 19 (Ind AS 19)		
Funding Status	Funded			Funded		
Starting Period	01-Apr-21			01-Apr-20		
Date of Reporting	31-Mar-22			31-Mar-21		
Period of Reporting	12 Months			12 Months		

Assumptions	FY 2021-22			FY 2020-21		
Expected Return on Plan Assets	5.66% - 6.96%			5.18% - 6.85%		
Rate of Discounting	5.66% - 6.96%			5.18% - 6.85%		
Rate of Salary Increase	6.00% - 9.00%			6.00% - 9.00%		
Rate of Employee Turnover	For service 4 years and below 28.00% p.a. For service 5 years and above 2.00% p.a.	For service 4 years and below 28.00% p.a. For service 5 years and above 1.00% p.a.	For service 4 years and below 35.00% p.a. For service 5 years and above 10.00% p.a.	For service 4 years and below 28.00% p.a. & thereafter 2.00% p.a.	For service 4 years and below 28.00% p.a. For service 5 years and above 1.00% p.a.	For service 4 years and below: 35.00%p.a For service 5 years and above: 10.00% p.a
Mortality Rate During Employment	Indian Assured Lives Mortality 2012-14 (Urban)			Indian Assured Lives Mortality (2006-08)		
Mortality Rate After Employment	N.A.			N.A.		

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Particulars	FY 2021-22	FY 2020-21
Table Showing Change in the Present Value of Projected Benefit Obligation		
Present Value of Benefit Obligation at the Beginning of the Year	281.15	246.37
Interest Cost	17.91	15.32
Current Service Cost	62.95	63.92
Past Service Cost	-	-
Liability Transferred In/ Acquisitions	2.54	11.54
(Liability Transferred Out/ Divestments)	(3.27)	(13.52)
(Gains)/ Losses on Curtailment	-	-
(Liabilities Extinguished on Settlement)	-	-
(Benefit Paid Directly by the Employer)	(0.05)	(8.28)
(Benefit Paid From the Fund)	(29.96)	(17.50)
The Effect Of Changes in Foreign Exchange Rates	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	(0.02)	(6.81)
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(23.35)	(6.83)
Actuarial (Gains)/Losses on Obligations - Due to Experience	19.80	(3.04)
Present Value of Benefit Obligation at the End of the Year	327.70	281.17

(₹ in Millions)

Table Showing Change in the Fair Value of Plan Assets	FY 2021-22	FY 2020-21
Fair Value of Plan Assets at the Beginning of the Year	258.92	193.93
Interest Income	16.89	12.15
Contributions by the Employer	50.07	65.54
Expected Contributions by the Employees	-	-
Assets Transferred In/Acquisitions	-	-
(Assets Transferred Out/ Divestments)	-	-
(Benefit Paid from the Fund)	(29.95)	(17.50)
(Assets Distributed on Settlements)	-	-
Effects of Asset Ceiling	-	-
The Effect of Changes In Foreign Exchange Rates	-	-
Return on Plan Assets, Excluding Interest Income	(3.92)	4.80
Fair Value of Plan Assets at the End of the Year	292.01	258.92

(₹ in Millions)

Amount Recognized in the Balance Sheet	FY 2021-22	FY 2020-21
(Present Value of Benefit Obligation at the end of the Year)	(327.70)	(281.17)
Fair Value of Plan Assets at the end of the Year	292.01	258.92
Funded Status (Surplus/ (Deficit))	(35.69)	(22.25)
Net (Liability)/Asset Recognized in the Balance Sheet	(35.69)	(22.25)
Assets recognised in the Balance Sheet under "Other non-financial assets"	11.78	8.25
Liabilities recognised in the Balance Sheet under "Provisions"	(47.47)	(30.50)

Unfunded gratuity- The above table does not depict unfunded gratuity liability amounting to ₹ 0.45 Million, correspondingly expense of the equivalent amount has been charged to Profit and Loss A/c

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
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(₹ in Millions)

Net Interest Cost for Current Year	FY 2021-22	FY 2020-21
Present Value of Benefit Obligation at the Beginning of the Year	281.15	246.37
(Fair Value of Plan Assets at the Beginning of the Year)	(258.92)	(193.93)
Net Liability/(Asset) at the Beginning	22.23	52.44
Interest Cost	17.91	15.32
(Interest Income)	(16.89)	(12.15)
Net Interest Cost for Current Year	1.02	3.17

(₹ in Millions)

Expenses Recognized in the Statement of Profit or Loss for Current Year	FY 2021-22	FY 2020-21
Current Service Cost	62.95	63.92
Net Interest Cost	1.02	3.17
Past Service Cost	-	-
(Expected Contributions by the Employees)	-	-
(Gains)/Losses on Curtailments And Settlements	-	-
Net Effect of Changes in Foreign Exchange Rates	-	-
Expenses Recognized	63.97	67.09

(₹ in Millions)

Expenses Recognized in the Other Comprehensive Income (OCI) for Current Year	FY 2021-22	FY 2020-21
Actuarial (Gains)/Losses on Obligation For the Year	(3.57)	(16.68)
Return on Plan Assets, Excluding Interest Income	3.92	(4.80)
Change in Asset Ceiling	-	-
Net (Income)/Expense For the Year Recognized in OCI	0.35	(21.48)

(₹ in Millions)

Balance Sheet Reconciliation	FY 2021-22	FY 2020-21
Opening Net Liability	22.24	52.44
Expenses Recognized in Statement of Profit or Loss	63.97	67.09
Expenses Recognized in OCI	0.35	(21.48)
Net Liability/(Asset) Transfer In	2.52	11.55
Net (Liability)/Asset Transfer Out	(3.27)	(13.52)
(Benefit Paid Directly by the Employer)	(0.05)	(8.28)
(Employer's Contribution)	(50.07)	(65.54)
Net Liability/(Asset) Recognized in the Balance Sheet	35.69	22.25

(₹ in Millions)

Category of Assets	FY 2021-22	FY 2020-21
Government of India Assets	-	-
State Government Securities	-	-
Special Deposits Scheme	-	-
Debt Instruments	-	-
Corporate Bonds	-	-
Cash And Cash Equivalents	-	-
Insurance fund	292.01	258.22
Asset-Backed Securities	-	-
Structured Debt	-	-
Other	-	-
Total	**292.01**	**258.22**

Information for major category of plan assets of gratuity fund is not available with the Group and hence not disclosed.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
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(₹ in Millions)

Net interest cost for next year	FY 2021-22	FY 2020-21
Present value of benefit obligation at the end of the year	6.42	281.16
(Fair value of plan assets at the end of the year)	(63.62)	(258.91)
Net liability/ (asset) at the end of the year	(57.20)	22.25
Interest cost	21.96	17.91
(Interest income)	(20.09)	(16.89)
Net interest cost for next year	1.87	1.02

(₹ in Millions)

Expenses recognised in the Statement of Profit or Loss for next year	FY 2021-22	FY 2020-21
Current service cost	77.95	62.95
Net interest cost	1.87	1.02
(Expected contributions by the employees)	-	-
Expenses recognised	79.82	63.97

(₹ in Millions)

Maturity Analysis of the Benefit Payments: From the Fund	FY 2021-22	FY 2020-21
Projected Benefits Payable in Future Years From the Date of Reporting		
1st Following Year	6.89	15.74
2nd Following Year	9.26	5.47
3rd Following Year	10.72	7.24
4th Following Year	11.29	8.29
5th Following Year	12.09	8.68
Sum of Years 6 To 10	74.13	56.07
Sum of Years 11 and above	1,004.79	822.81

(₹ in Millions)

Sensitivity Analysis	FY 2021-22	FY 2020-21
Projected Benefit Obligation on Current Assumptions	327.70	281.17
Delta Effect of +1% Change in Rate of Discounting	(44.42)	(38.67)
Delta Effect of -1% Change in Rate of Discounting	54.65	47.85
Delta Effect of +1% Change in Rate of Salary Increase	47.75	42.02
Delta Effect of -1% Change in Rate of Salary Increase	(40.61)	(35.66)
Delta Effect of +1% Change in Rate of Employee Turnover	(2.15)	(3.84)
Delta Effect of -1% Change in Rate of Employee Turnover	2.08	4.17

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

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Notes

Actuarial gains/losses are recognised in the period of occurrence under Other Comprehensive Income (OCI). All above reported figures of OCI are gross of taxation.

Salary escalation & attrition rate are in line with the industry practice considering promotion and demand and supply of the employees.

Maturity analysis of benefit payments is undiscounted cashflows considering future salary, attrition & death in respective year for members as mentioned above.

Average Expected Future Service represents Estimated Term of Post - Employment Benefit Obligation.

Value of asset is considered as fair value of plan asset for the period of reporting.

Qualitative disclosures

Characteristics of defined benefit plan

The Company has a defined benefit gratuity plan in India (funded). The company's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund.

The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy.

Risks associated with defined benefit plan

Gratuity is a defined benefit plan and company is exposed to the following risks:

Interest rate risk: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Investment risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset liability matching risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Characteristics of defined benefit plans

During the year, there were no plan amendments, curtailments and settlements.

A separate trust fund is created to manage the Gratuity plan.

Note: The above information is as provided by the Actuary, which has been relied upon by the auditors.

NOTE 34. OTHER EXPENSES

(₹ in Millions)

Particulars	FY 2021-22	FY 2020-21
Advertisement and marketing expenses (refer note 34.1)	500.54	323.70
Direct operating expenses	520.86	170.77
Bank charges	251.69	124.98
Commission to non whole-time directors	3.26	-
Communication costs	129.24	103.69
Electricity	153.53	114.87
Exchange and statutory charges	45.43	10.48
Legal & professional fees (refer note 34.1)	821.98	550.29

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
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(₹ in Millions)

Particulars	FY 2021-22	FY 2020-21
Directors sitting fees	13.39	12.01
Office expenses	201.09	160.93
Postage & courier	77.13	42.42
Printing & stationery	89.62	56.92
Rates & taxes	19.81	7.81
Rent	197.59	130.15
Repairs & maintenance		
- Computer	20.48	18.52
- Others (refer note 34.1)	138.87	73.66
Remuneration to auditors		
- Audit fees	9.99	7.52
- Certification / other services (refer note 34.2)	2.38	2.60
- Out of pocket expenses	0.61	0.77
Software charges (refer note 34.1)	392.56	226.72
Travelling & conveyance (refer note 34.1)	403.02	227.94
Corporate social responsibility expenses (refer note 43)	187.68	126.16
Miscellaneous expenses	84.45	58.51
Insurance premium	202.29	236.23
Security expenses	926.02	814.78
Loss on sale of fixed assets (net)	0.31	14.35
Total	**5,393.82**	**3,616.78**

NOTE 34.1: INCLUDES BELOW PAYMENTS DONE IN FOREIGN CURRENCY

(₹ in Millions)

Particulars	FY 2021-22	FY 2020-21
Advertisement and marketing expenses	-	1.39
Travelling & conveyance	0.27	-
Repairs & maintenance- Others	0.26	-
Software charges	0.61	0.92
Legal & professional fees	13.93	1.76

Note 34.2: During the year the Group has paid ₹ 9.67 Million (P.Y ₹ 2.30 Million) to the auditors towards certification required under its Public Issue of Non Convertible Debentures and Secured Medium Term Note Programme, the same has been amortised over the tenure of the borrowings.

NOTE 35. INCOME TAXES

(₹ in Millions)

Amounts recognised in statement of profit or loss	FY 2021-22	FY 2020-21
Current tax expense		
Current year	3,277.76	3,173.53
Changes in estimates related to prior years	5.74	45.67
Deferred tax expense		
Origination and reversal of temporary differences	193.84	(779.46)
Total	**3,477.34**	**2,439.74**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Amounts recognised in other comprehensive income	FY 2021-22			FY 2020-21		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Remeasurements of defined benefit liability/ (asset)	(0.35)	0.09	(0.26)	21.48	(5.41)	16.07
Cash flow hedge (net)	(13.04)	(65.45)	(78.49)	(338.79)	85.27	(253.52)
Fair value of loans carried at FVTOCI	136.53	34.36	170.89	(7.64)	1.92	(5.72)
Total	**123.14**	**(31.00)**	**92.14**	**(324.95)**	**81.78**	**(243.17)**

(₹ in Millions)

Reconciliation of income tax expense of the year to accounting year	FY 2021-22	FY 2020-21
Profit before tax	**15,359.84**	**10,047.84**
Tax using the Group's domestic tax rate	**4,054.76**	**2,845.62**
Tax effect of:		
Non-deductible expenses	56.02	35.88
Tax-exempt income - others (includes deduction under section 80JJAA)	(355.72)	(303.66)
Tax-exempt income- dividend	(158.32)	(186.90)
Income taxed at different rates	(40.78)	(72.90)
Others	1.02	6.37
Adjustments for current tax for prior periods	5.66	45.68
Differential tax rate in subsidiary	(99.52)	66.97
Recognition of previously unrecognised deductible temporary differences	14.22	2.68
Total income tax expense	**3,477.34**	**2,439.74**

NOTE 36. EARNINGS PER SHARE

Basic and Diluted Earnings Per Share ["EPS"] computed in accordance with INDAS 33 "Earnings per share".

Particulars		FY 2021-22	FY 2020-21
Face value of equity shares in ₹ fully paid up		2.00	2.00
BASIC			
Profit after tax as per statement of Profit and Loss (₹ in Millions)		11,878.93	7,601.18
Profit after tax attributable to equity share holders (₹ in Millions)	A	11,878.93	7,601.18
Weighted average number of equity shares outstanding	B	379,194,372	378,417,476
Basic EPS (In ₹)	**A/B**	**31.33**	**20.09**
DILUTED			
Weighted average number of equity shares for computation of basic EPS		379,194,372	378,417,476
Add: Potential equity shares on account conversion of Employees Stock Options		2,254,850	806,252
Weighted average number of equity shares for computation of diluted EPS	C	381,449,222	379,223,728
Diluted EPS (In ₹)	**A/C**	**31.14**	**20.04**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 37. RISK MANAGEMENT

The Group's activities expose it to market risk, liquidity risk and credit risk.

Risk management is integral to the Group's strategy. An enterprise wide risk management framework is in place to govern the Group's risk management processes. A strong risk management team and an effective credit operations structure ensures that risks are properly identified and timely addressed to ensure minimal impact on the Group's growth and performance. The Group has developed the necessary competency to identify early stress signals and has also defined processes, including corrective and remedial actions as regards people and processes, for mitigation to ensure minimum damage.

A stress testing mechanism is put in place to carry out the event based sensitivity analysis and identify the accounts under stress due to expected market movement. The Group's central treasury department identifies, evaluates and hedges financial risks in close co- operation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity. The Group's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Group.

Risk management is integral to Group's strategy. The comprehensive understanding of risk management throughout the various levels of an organization aids in driving key decisions related to risk-return balance, capital allocation and product pricing. The Group operates under the guidance of the Board approved risk appetite statement that covers business composition, guidance around gross non-performing assets and net non-performing assets, leverage, funding and liquidity, etc. Additionally, it is also ensured that appropriate focus is on managing risk proactively by ensuring business operations are in accordance with laid-down risk. A strong risk management team and an effective credit operations structure ensures that risks are properly identified and timely addressed, to ensure minimal impact on the Group's growth and performance.

Risk Management Structure

The Group has established multi-level risk governance for monitoring & control of product and entity level risks. The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles. The Board has constituted the Risk Management Committee ("RMC") which is responsible for monitoring the overall risk process within the Group. The RMC is empowered to develop an independent risk strategy comprising of principles, frameworks, policies and limits and ensuring its effective implementation. Independent function of Risk management is in place headed by the Chief Risk Officer (""CRO"") who reports to the Chief Executive Officer ("CEO") with oversight of RMC of the Board. The Risk department primarily operationalises risk management framework approved by RMC.

The group has a well – defined risk framework constituting various lines of defence – the first line of defence, consisting of management, is responsible for seamless integration of risk principles across all businesses Additionally, it ensures adequate managerial and supervisory controls to ensure compliance and highlight inadequate processes and unexpected events. The Group has well-defined internal control measures in every process. Independent risk and policy team constitutes second line of defence which is responsible for identification and assessment of entity-wide risks. Post its identification, it aims to mitigate risks either through portfolio trigger and caps (Credit risk) or through ongoing risk control and self assessment (Operational risk) Internal Audit function is the third line of defence that independently reviews activities of the first two lines of defence and reports to the Audit Committee of the Board.

Risk Management Practices

The Group has developed the necessary competency to identify early stress signals and has also defined processes, including corrective and remedial actions as regards people and processes, for mitigation to ensure minimum damage. A stress testing mechanism is put in place to carry out the event based sensitivity analysis and identify the accounts under stress due to expected market movement. In event of susceptibility to external triggers, appropriate risk mitigation would be undertaken and thereby minimize the losses to the Group.

It has initiated a detailed portfolio quality review mechanism which enables analysis of portfolio along various behavioural, demographic and financial parameters. Additionally, through tie-ups with external bureaus, an analysis of collection performance coupled with continuous credit assessment for various key segments is undertaken. The practices aid in proactive course correction thereby modifying credit or sourcing mechanisms, if required. Additionally, application scorecard has been developed enabling the Group to standardize credit underwriting & improve sourcing quality in the long run. The Group's policy is to measure and monitor the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities. Information pertaining to different type of risks are identified, analysed and tested on timely basis. The same is presented to Risk Management Committee at periodic intervals.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
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In order to minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as cross currency interest rate swaps are entered to hedge certain foreign currency risk exposures and variable interest rate exposures.

The Group's central treasury department identifies, evaluates and hedges financial risks in close co- operation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity. The Group's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Group.

37A.1. Credit Risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises primarily from financial assets such as trade receivables, investments, derivative financial instruments, other balances with banks, loans and other receivables.

Credit quality analysis

The following tables sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

(₹ in Millions)

Particulars	As at March 31, 2022				
	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Financial Assets where loss allowance measured using simplified approach	Total
Cash and cash equivalents	-	-	-	62,116.40	**62,116.40**
Bank Balance other than above	-	-	-	19,452.94	**19,452.94**
Receivables					
(i) Trade Receivables	341.02	3.85	0.03	1,487.85	**1,832.75**
(ii) Other Receivables	-	-	-	158.00	**158.00**
Loans *	261,052.97	21,225.39	9,723.54	-	**292,001.90**
Other Financial assets	-	-	-	9,515.38	**9,515.38**

* Loans comprises of outstanding principal, interest accrued but not due and principal and interest overdue.

(₹ in Millions)

Particulars	As at March 31, 2021				
	Financial Assets where loss allowance measured at 12-month ECL	Financial assets for which credit risk has increased significantly and credit not impaired	Financial assets for which credit risk has increased significantly and credit impaired	Financial Assets where loss allowance measured using simplified approach	Total
Cash and cash equivalents	-	-	-	26,429.02	**26,429.02**
Bank Balance other than above	-	-	-	21,411.54	**21,411.54**
Receivables					
(i) Trade Receivables	306.35	-	2.95	1,616.42	**1,925.72**
(ii) Other Receivables	-	-	-	5.10	**5.10**
Loans *	250,831.64	36,661.05	8,121.49	-	**295,614.19**
Other Financial assets	-	-	-	5,096.69	**5,096.69**

* Loans comprises of outstanding principal, interest accrued but not due and principal and interest overdue.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Financial Assets measured using simplified approach

The Group follows 'simplified approach' for recognition of impairment loss allowance on Cash and Cash Equivalents, Bank Balances, Trade Receivables, other receivables and Other Financial Assets. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

37A.2. Collateral held

The Group holds collateral and other credit enhancements against certain of its credit exposures. The loans are collateralised against equitable mortgage of property, pledge of shares, hypothecation of assets, company personal guarantees, physical gold, undertaking to create security.

37A.3. Loss allowance and Exposure at default

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

(₹ in Millions)

Reconciliation of loss allowance	Financial Assets where loss allowance measured at 12-month ECL		Financial assets for which credit risk has increased significantly and credit not impaired		Financial assets for which credit risk has increased significantly and credit impaired		Total	
	Principal	Others	Principal	Others	Principal	Others	Principal	Others
Opening ECL Mar-21	**6,299.92**	**672.88**	**1,947.03**	**557.81**	**3,828.96**	**1,169.47**	**12,075.91**	**2,400.16**
New loans disbursed during the year	3,234.19	242.21	167.50	18.24	886.09	27.44	4,287.78	287.89
Loans closed/written off during the year	(2,780.77)	(368.68)	(761.45)	(456.60)	(2,413.82)	(506.10)	(5,956.04)	(1,331.38)
Movement in provision without change in asset staging	(159.92)	41.31	716.38	37.00	443.15	399.45	999.61	477.76
Movement in provision due to change in asset staging	(182.08)	30.69	(111.43)	(42.78)	1,347.82	34.68	1,054.31	22.59
Closing ECL Mar-22	**6,411.34**	**618.41**	**1,958.03**	**113.67**	**4,092.20**	**1,124.94**	**12,461.57**	**1,857.02**

(₹ in Millions)

Reconciliation of loss allowance	Financial Assets where loss allowancemeasured at 12-month ECL		Financial assets for which credit risk has increased significantly and credit not impaired		Financial assets for which credit risk has increased significantly and credit impaired		Total	
	Principal	Others	Principal	Others	Principal	Others	Principal	Others
Opening ECL Mar-20	**3,366.21**	**309.50**	**908.96**	**173.25**	**3,798.87**	**1,608.83**	**8,074.04**	**2,091.58**
New loans disbursed during the year	1,808.82	145.65	506.54	412.97	895.56	34.83	3,210.92	593.45
Loans closed/written off during the year	(639.66)	(57.53)	(245.86)	(38.07)	(2,738.92)	(1,186.70)	(3,624.44)	(1,282.30)
Movement in provision without change in asset staging	1,914.63	282.17	567.95	(35.75)	594.16	428.52	3,076.74	674.94
Movement in provision due to change in asset staging	(150.08)	(6.91)	209.44	45.41	1,279.29	283.99	1,338.65	322.49
Closing ECL Mar-21	**6,299.92**	**672.88**	**1,947.03**	**557.81**	**3,828.96**	**1,169.47**	**12,075.91**	**2,400.16**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
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The following tables show reconciliations from the opening to the closing balance of the exposure at default (EAD) by class of financial instrument.

(₹ in Millions)

Reconciliation of exposure at default	Financial Assets where loss allowance measured at 12-month ECL		Financial assets for which credit risk has increased significantly and credit not impaired		Financial assets for which credit risk has increased significantly and credit impaired		Total	
	Principal	Others	Principal	Others	Principal	Others	Principal	Others
Opening EAD Mar-2021	**295,179.81**	**23,859.05**	**33,977.70**	**2,681.50**	**6,962.27**	**1,163.53**	**336,119.78**	**27,704.09**
New loans disbursed during the year	211,565.73	8,574.89	5,013.53	230.05	1,555.29	20.93	218,134.55	8,825.86
Loans closed/written off during the year	(131,306.03)	(10,332.00)	(17,980.69)	(1,542.24)	(3,894.86)	(505.02)	(153,181.58)	(12,379.26)
Movement in EAD without change in asset staging	(53,945.11)	4,174.79	(2,304.09)	(108.55)	(105.48)	272.56	(56,354.68)	4,338.80
Movement in EAD due to change in asset staging	(9,827.43)	(585.62)	1,690.47	111.85	4,084.70	167.97	(4,052.26)	(305.79)
Closing EAD Mar-2022	**311,666.97**	**25,691.11**	**20,396.92**	**1,372.61**	**8,601.92**	**1,119.97**	**340,665.81**	**28,183.70**

(₹ in Millions)

Reconciliation of exposure at default	Financial Assets where loss allowance measured at 12-month ECL		Financial assets for which credit risk has increased significantly and credit not impaired		Financial assets for which credit risk has increased significantly and credit impaired		Total	
	Principal	Others	Principal	Others	Principal	Others	Principal	Others
Opening EAD Mar-2020	**263,416.60**	**24,479.69**	**12,397.62**	**1,739.06**	**6,525.87**	**1,608.70**	**282,340.09**	**27,827.45**
New loans disbursed during the year	158,027.67	10,176.67	17,084.87	1,091.60	1,279.17	32.55	176,391.71	11,300.82
Loans closed/written off during the year	(78,533.05)	(4,528.73)	(4,108.63)	(1,005.19)	(3,906.97)	(1,189.24)	(86,548.65)	(6,723.16)
Movement in EAD without change in asset staging	(28,939.48)	(6,140.77)	(343.38)	(25.73)	(59.66)	326.82	(29,342.52)	(5,839.68)
Movement in EAD due to change in asset staging	(18,791.93)	(127.81)	8,947.22	881.77	3,123.86	384.70	(6,720.85)	1,138.68
Closing EAD Mar-2021	**295,179.81**	**23,859.05**	**33,977.70**	**2,681.50**	**6,962.27**	**1,163.53**	**336,119.78**	**27,704.09**

37A.4. Write off

Contractual amount outstanding on financial assets that were written off during the reporting period is ₹ 9,042.17 Million (P.Y ₹ 6,482.98 Million)

37A.5. Modified Financial Instruments

For financial assets, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that the modification does not result in cash flows that are substantially different (thereby not resulting into derecognition), the Group has recorded a modification gain or loss based on the change in cash flows discounted at the original EIR (Effective Interest Rate).

(₹ in Millions)

Particulars	FY 2021-22	FY 2020-21
Value of Modified Assets at the time of modification	23,729.08	30,311.96
Value of Modified Assets outstanding at end of year	25,093.50	29,561.57
Modification Gain/ (Loss)	45.41	(294.66)

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The above modification is in accordance with the provisions defined in the Master Direction Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 Circular No DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 (updated as on February 22, 2019) and the "The Housing Finance Companies (NHB) Directions, 2010".

37A.6. Credit Risk Grading of loans

Credit Risk Grading is an important tool for credit risk management as it helps in understanding and evaluating risks for different credit transactions.

The Group has established overall credit limits at the level of individual borrowers and counterparties, and groups of connected counterparties. It manages and controls credit risk by confining the amount of risk it is willing to accept for individual counterparties, for geographical concentrations, and by closely monitoring such exposures.

The Group has a Credit Risk Policy which is board approved and shared with all credit approving authorities. All customers will be evaluated on a set of pre-defined parameters as detailed below and accordingly classified into any of the following categories:

1. Low Risk
2. Medium Risk
3. High Risk – This category of customers will not be actively sourced by the Group. Any customer, identified as High Risk, can be funded by the Group basis exceptional comfort and availability of justifying mitigates. The extent and nature of due diligence will be the highest for this category.

The assessment of a customer being classified into high, medium or low is based on various parameters at the time of on-boarding which are captured in the Credit Approval Memorandum by the credit manager and validated by the relevant approving authority. The parameters are as follows:

1. Customer Profile
2. Financial health
3. Business vintage
4. Credit history
5. Industry feedback
6. Other qualitative/ quantitative factors as mentioned in the policy

Every customer once being stamped into a risk category on a periodic basis would further be subjected to change of his risk profile depending on the repayment history and DPDs through an independent credit quality review process. This process aims to allow the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

Credit Grading Details

(₹ in Millions)

Period	Stage 1	Stage 2	Stage 3	Total EAD
March 31, 2022	337,358.08	21,769.53	9,721.89	**368,849.50**
March 31, 2021	319,038.86	36,659.20	8,125.80	**363,823.86**

37A.7. Concentration of Credit Risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on spreading its lending portfolio across various products/states/customer base with a cap on maximum limit of exposure for an individual/Group. Accordingly, the Group does not have concentration risk.

37B Liquidity Risk

Liquidity risk refers to the risk that the Group may not be able to meet its short-term financial obligations. The Group manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
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amount of credit lines. Further, the Group has well defined Asset Liability Management (ALM) framework with an appropriate organizational structure to regularly monitor and manage maturity profiles of financial assets and financial liabilities including debt financing plans, cash and cash equivalent instruments to ensure liquidity. The Group seeks to maintain flexibility in funding mix by way of sourcing the funds through money markets, debt markets and banks to meet its business and liquidity requirements.

(i) Maturities of financial liabilities

(₹ in Millions)

Contractual maturities of financial liabilities (including financial guarantee) As at March 31, 2022	Total	Upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 years
Derivative financial instruments	1,643.91	30.58	-	31.69	1,482.94	98.70	-
Trade payables	1,424.27	1,402.26	1.87	9.91	0.40	9.83	-
Other payables	99.06	99.06	-	-	-	-	-
Finance lease obligation *	4,603.27	246.28	243.30	516.73	1,577.24	1,103.91	915.81
Debt securities	75,612.48	8,341.54	1,555.41	2,402.52	41,262.26	5,263.18	19,342.28
Borrowings (other than debt securities) (Note 1)	253,640.81	18,269.90	19,589.51	42,792.30	118,501.85	30,442.24	23,680.85
Subordinated liabilities	24,298.04	387.46	311.47	282.82	1,750.00	333.99	22,214.37
Other financial liabilities	28,206.34	27,914.46	31.69	-	-	260.19	-
Financial guarantee contracts	8,454.96	8,454.96	-	-	-	-	-
Total	**397,983.14**	**65,146.50**	**21,733.25**	**46,035.97**	**164,574.69**	**37,512.04**	**66,153.31**

(₹ in Millions)

Contractual maturities of financial liabilities (including financial guarantee) As at March 31, 2021	Total	Upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 years
Derivative financial instruments	1,565.76	-	212.88	18.13	1,265.89	68.86	-
Trade payables	1,093.91	1,031.71	-	62.20	-	-	-
Other payables	-	-	-	-	-	-	-
Finance lease obligation *	4,357.20	193.78	191.42	379.08	1,380.88	1,022.86	1,189.18
Debt securities	78,341.69	6,829.41	5,003.51	16,308.06	42,238.82	1,591.89	6,370.00
Borrowings (other than debt securities) (Note 1)	216,262.45	25,077.17	26,172.76	33,008.04	78,614.62	32,329.98	21,059.88
Subordinated liabilities	21,349.52	-	620.00	3,489.71	1,230.00	1,317.08	14,692.73
Other financial liabilities	20,913.77	20,862.48	-	2.18	49.11	-	-
Financial guarantee contracts	12,255.43	12,255.43	-	-	-	-	-
Total	**356,139.73**	**66,249.98**	**32,200.57**	**53,267.40**	**124,779.32**	**36,330.67**	**43,311.79**

* The amount represent undiscounted cash flows

Note 1: Borrowings includes cash credit facilities, has been slotted in "over 6 months to 1 year" and "over 1 year to 3 years" in the ratio of 40% and 60% respectively.

Note 2: In computing the above information with respect to cash credit and overdraft facilities with Banks, the Management has made certain estimates and assumptions which have been relied upon by the auditors.

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(ii) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	17,798.73	6,131.55
- Expiring beyond one year (bank loans)	-	-

37C Market Risk

Market Risk is the risk that the value of on and off-balance sheet positions of a financial institution will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads and/or commodity prices resulting in a loss to earnings and capital.

Financial institutions may be exposed to Market Risk in variety of ways. Market risk exposure may be explicit in portfolios of securities / equities and i struments that are actively traded. Conversely it may be implicit such as interest rate risk due to mismatch of loans and deposits. Besides, market risk may also arise from activities categorized as off-balance sheet item. Therefore market risk is potential for loss resulting from adverse movement in market risk factors such as interest rates, forex rates, equity and commodity prices.

The Group's exposure to market risk is primarily on account of interest rate risk and Foreign exchange risk.

37C.1 Interest rate risk

(a) The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows:

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Variable rate borrowings	184,199.71	143,807.25
Fixed rate borrowings	168,360.03	172,146.41
Total borrowings	**352,559.74**	**315,953.66**

The Group had the following variable rate borrowings outstanding and cross currency interest rate swap contracts outstanding:

(₹ in Millions)

	As at March 31, 2022			As at March 31, 2021		
	Weighted average interest rate (%)	Balance	% of total borrowings	Weighted average interest rate (%)	Balance	% of total borrowings
Bank overdrafts, bank loans	8.59%	176,339.21	50.02%	8.63%	133,652.50	42.30%
External Commercial borrowings	8.62%	7,579.25	2.15%	8.62%	7,311.00	2.31%
Non convertible debentures	7.51%	281.25	0.08%	9.15%	2,843.75	0.90%
Net exposure to cash flow interest rate risk		**184,199.71**			**143,807.25**	
Currency Interest Rate Swaps	**9.36%**	**3,876.44**	**1.10%**	**9.36%**	**3,675.23**	**1.16%**

An analysis by maturities is provided in note 37(B)(i) above. The percentage of total loans shows the proportion of loans that are currently at floating rates in relation to the total amount of borrowings.

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The Group had the following variable rate loans outstanding:

(₹ in Millions)

	As at March 31, 2022			As at March 31, 2021		
	Weighted average interest rate (%)	Balance	% of total loans	Weighted average interest rate (%)	Balance	% of total loans
Floating rate loans	11.44%	158,629.60	45.17%	11.66%	150,243.89	42.95%

(b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates (assuming other variable constant)

(₹ in Millions)

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Interest rates – increase by 30 basis points	(413.52)	(322.84)	-	-
Interest rates – decrease by 30 basis points	413.52	322.84	-	-

Profit or loss is sensitive to higher/lower interest income from loans as a result of changes in interest rates (assuming other variable constant)

(₹ in Millions)

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Interest rates – increase by 30 basis points	356.12	337.29	-	-
Interest rates – decrease by 30 basis points	(356.12)	(337.29)	-	-

37C.2. Exposure to currency risks

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Group's exposure to the risk of changes in foreign exchange rates relates primary to the foreign currency borrowings taken from banks and External Commercial Borrowings (ECB).

The Group follows a conservative policy of hedging its foreign currency exposure through Forwards and / or Cross Currency Interest Rate Swaps in such a manner that it has fixed determinate outflows in its functional currency and as such there would be no significant impact of movement in foreign currency rates on the Group's profit before tax (PBT) and equity.

The Group's currency position is as under

(₹ in Millions)

Particulars	USD	EUR	CHF	JPY	SGD	Other Currencies
Foreign Currency Assets (in INR)*	458.52	-	-	-	-	-
Foreign Currency Liabilities (in INR)*	1,545.22	-	-	-	-	-
Net Gap as at 31.03.2022	**(1,086.70)**	-	-	-	-	-

(₹ in Millions)

Particulars	USD	EUR	CHF	JPY	SGD	Other Currencies
Foreign Currency Assets (in INR)*	416.88	-	-	-	-	-
Foreign Currency Liabilities (in INR)*	1,478.77	-	-	-	-	-
Net Gap as at 31.03.2021	**(1,061.89)**	-	-	-	-	-

*It is fully hedged by forward contract and CCIRS

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Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in Millions)

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
USD sensitivity				
INR/USD-Increase by 5%	-	-	(1,343.34)	(1,323.97)
INR/USD-Decrease by 5%	-	-	1,343.34	1,323.97

The sensitivity on profit and loss is due to the timing difference of the maturity of the Cross currency interest rate swap. On the date of maturity of the Cross currency interest rate swap, the sensitivity of profit and loss to changes in the exchange rates will be Nil.

37C.3. Price Risk

(a) Exposure

The Group's exposure to assets having price risk is as under

(₹ in Millions)

Particulars	Equity Shares	Mutual Funds /Alternate investment funds/Others	Bonds	Security Receipts	Total
Market Value as on March 31, 2022	0.50	10,992.21	-	833.00	11,825.71
Market Value as on March 31, 2021	0.50	189.24	-	-	189.74

To manage its price risk arising from investments in equity securities/other assets, the Group diversifies its portfolio.

(b) Sensitivity

The table below summarises the impact of increases/decreases of the index on the Group's equity/other assets and profit for the period. The analysis is based on the assumption that the instrument index has increased by 5% or decreased by 5% with all other variables held constant.

(₹ in Millions)

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Increase 5%	442.47	7.10	-	-
Decrease 5%	(442.47)	(7.10)	-	-

37D.Capital Management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise the shareholder value. The Group monitors capital in accordance with the capital adequacy ratio prescribed by the Reserve Bank of India ("RBI")/ National Housing Bank ("NHB") as applicable.

37E. Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer an liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using a valuation technique.In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

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The following table shows an analysis of financial instruments recorded at Fair Value hierarchy:

(₹ in Millions)

Particulars	As at March 31, 2022		
	Fair Value through profit or loss	Fair value through Other Comprehensive Income	Amortised cost / Cost
Financial assets			
Cash and cash equivalents	-	-	62,116.40
Bank Balance other than (a) above	-	-	19,452.94
Derivative financial instruments	98.69	644.12	-
Receivables			
(i) Trade receivables	-	-	1,831.95
(ii) Other receivables	-	-	158.00
Loans	-	56,624.60	280,304.34
Investments	11,825.21	-	96.40
Other financial assets	-	-	9,237.85
Total financial assets	**11,923.90**	**57,268.72**	**373,197.88**
Financial liabilities			
Derivative financial instruments	98.69	1,545.22	-
Trade payables	-	-	1,424.27
Other Payables	-	-	99.06
Finance lease obligation	-	-	3,606.78
Debt securities	-	-	78,380.78
Borrowings (other than debt securities)	-	-	253,190.28
Subordinated liabilities	-	-	25,680.49
Other financial liabilities	-	-	28,206.34
Total financial liabilities	**98.69**	**1,545.22**	**390,588.00**

(₹ in Millions)

Particulars	As at March 31, 2021		
	Fair Value through profit or loss	Fair value through Other Comprehensive Income	Amortized cost / Cost
Financial assets			
Cash and cash equivalents	-	-	26,429.02
Bank Balance other than (a) above	-	-	21,411.54
Derivative financial instruments	86.99	416.88	-
Receivables			
(i) Trade receivables	-	-	1,922.77
(ii) Other receivables	-	-	5.10
Loans	-	52,171.66	283,159.94
Investments	189.24	-	126.47
Other financial assets	-	-	4,903.70
Total financial assets	**276.23**	**52,588.54**	**337,958.54**
Financial liabilities			
Derivative financial instruments	86.99	1,478.77	-
Trade payables	-	-	1,093.91
Finance lease obligation	-	-	3,265.02

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(₹ in Millions)

Particulars	As at March 31, 2021		
	Fair Value through profit or loss	Fair value through Other Comprehensive Income	Amortized cost / Cost
Debt securities	-	-	83,303.50
Borrowings (other than debt securities)	-	-	216,243.58
Subordinated liabilities	-	-	23,019.28
Other financial liabilities	-	-	20,913.77
Total financial liabilities	**86.99**	**1,478.77**	**347,839.06**

37E. 1. Financial instruments measured at fair value – Fair value hierarchy

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

37E.2. Valuation methodologies of financial instruments measured at fair value

(i) Quoted equity/instruments are measured based on the last traded price in the exchange and are classified as level 1.

(ii) Mutual Funds are measured based on the published net asset value (NAV) by AMFI and are classified as level 1.

(iii) Alternate Investment Funds are measured based on the latest NAV provided by the fund house and are classified as level 3.

(iv) Equity instruments in non-listed entities are initially recognised at transaction price and re-measured (to the extent information is available) and valued by external independent valuer and classified as Level 3.

(v) Equity instruments in listed entities that are quoted market prices (unadjusted) in active markets for identical instruments are classified at level 1.

(vi) Government Securities are valued based on the closing price published by CCIL/ FIMMDA for March 2020 respectively and are classified as level 2.

(vii) Unquoted debt securities are measured based on average of security level prices received from AMFI appointed/ designated agencies viz: CRISIL and ICRA and are classified as level 2.

(viii) The fair value of interest rate swaps is calculated as the present value of the net of Pay and Receive side estimated future cash flows based on observable appropriate yield curve inputs.

(ix) Fair value of loans measured at FVOCI approximates its carrying value and are classified as level 3.

(x) Fair value of forward foreign exchange contracts is determined by computing present value of payoff between contractual rate (Strike) and forward exchange rates at the testing date and are classified as Level 2.

(xi) The fair value principal swap is calculated as the present value of the net of Pay and Receive side estimated future cash flows based on observable appropriate yield curve inputs and spot exchange rate as of the testing date and are classified as Level 2.

(₹ in Millions)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total	Carrying Value
As at March 31, 2022					
Financial assets					
Forward rate agreements and interest rate swaps	-	644.12	-	644.12	644.12
Call option included under Debt securities & Subordinated liabilities	-	98.69	-	98.69	98.69
Loans - classified under FVOCI	-	-	56,624.60	56,624.60	56,624.60
Investments	**0.04**	**5,893.91**	**9,552.67**	**15,446.62**	**15,446.62**
(i) Mutual Funds/Alternate Investment fund / Others	0.04	1,440.00	9,552.17	10,992.21	10,992.21
(ii) Security Receipts	-	4,453.91	-	4,453.91	4,453.91
(iii) Equity	-	-	0.50	0.50	0.50
Total financial assets	**0.04**	**6,636.72**	**66,177.27**	**72,814.03**	**72,814.03**

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(₹ in Millions)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total	Carrying Value
Financial liabilities					
Forward rate agreements /CCIRS	-	1,545.22	-	1,545.22	1,545.22
Interest rate derivative	-	-	-	-	-
Call option included under Debt securities & Subordinated liabilities	-	98.69	-	98.69	98.69
Total financial liabilities	**-**	**1,643.91**	**-**	**1,643.91**	**1,643.91**

(₹ in Millions)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total	Carrying Value
As at March 31, 2021					
Financial assets					
Forward rate agreements and interest rate swaps	-	416.88	-	416.88	416.88
Call option included under Debt securities & Subordinated liabilities	-	86.99	-	86.99	86.99
Loans - classified under FVOCI	-	-	52,171.66	52,171.66	52,171.66
Investments	**118.18**	**-**	**71.06**	**189.24**	**189.24**
(i) Mutual Funds/Alternate Investment fund / Others	118.18	-	71.06	189.24	189.24
(ii) Government Securities	-	-	-	-	-
(iii) Debt Securities	-	-	-	-	-
(iv) Equity	-	-	-	-	-
Total financial assets	**118.18**	**503.87**	**52,242.72**	**52,864.77**	**52,864.77**
Financial liabilities					
Forward rate agreements /CCIRS	-	1,265.89	-	1,265.89	1,265.89
Interest rate derivative	-	212.88	-	212.88	212.88
Call option included under Debt securities & Subordinated liabilities	-	86.99	-	86.99	86.99
Total financial liabilities	**-**	**1,565.76**	**-**	**1,565.76**	**1,565.76**

37E.3. Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Group's financial statements. These fair values were calculated for disclosure purposes only.

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term nature, the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and bank balances, Trade receivables, other receivables, balances other than cash and cash equivalents and trade payables.

Loans, Debts, Borrowings and Subordinated Debts

The fair values of these instruments are estimated by determining the price of the instrument taking into consideration the origination date, maturity date, coupon rate, actual or approximation of frequency of interest payments and incorporating the actual or estimated/proxy yields of identical or similar instruments through the discounting factor. For instruments, having contractual residual maturity less than one year, the carrying value has been considered as fair value. Loans and advances are presented net of provisions for impairment.

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(₹ in Millions)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed As at March 31, 2022	Total Fair value	Carrying value	Valuation hierarchy
Financial assets			
Cash and cash equivalents	62,116.40	62,116.40	
Bank Balance other than included above	19,452.94	19,452.94	
Receivables			
(i) Trade Receivables	1,831.95	1,831.95	
(ii) Other Receivables	158.00	158.00	
Loans	272,183.14	280,304.34	Level 3
Investment in debt securities	96.40	96.40	
Other Financial assets	9,237.85	9,237.85	
Total financial assets	**365,076.68**	**373,197.88**	
Financial Liabilities			
Trade Payables	1,424.27	1,424.27	
Finance lease obligation	3,606.78	3,606.78	
Debt Securities *	76,628.58	78,380.78	Level 3
Borrowings (Other than debt securities)	241,828.35	253,190.28	Level 3
Subordinated Liabilities	25,918.60	25,680.49	Level 3
Other financial liabilities	28,206.34	28,206.34	
Total financial liabilities	**377,612.92**	**390,488.94**	

(₹ in Millions)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed As at March 31, 2021	Total Fair value	Carrying value	Valuation hierarchy
Financial assets			
Cash and cash equivalents	26,429.02	26,429.02	
Bank Balance other than included above	21,411.54	21,411.54	
Receivables			
(i) Trade Receivables	1,922.77	1,922.77	
(ii) Other Receivables	5.10	5.10	
Loans	280,587.05	283,159.94	Level 3
Investment in debt securities	126.47	126.47	
Other Financial assets	4,903.70	4,903.70	
Total financial assets	**335,385.65**	**337,958.54**	
Financial Liabilities			
Trade Payables	1,093.91	1,093.91	
Finance lease obligation	3,265.02	3,265.02	
Debt Securities *	82,107.08	83,303.50	Level 3
Borrowings (Other than Debt Securities)	216,335.22	216,243.58	Level 3
Subordinated Liabilities	23,278.11	23,019.28	Level 3
Other financial liabilities	20,913.77	20,913.77	
Total financial liabilities	**346,993.11**	**347,839.06**	

* For MTN Bond book value is been considered as fair value.

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37.E.4 Movements in Level 3 financial instruments measured at fair value :

The following tables show the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:

(₹ in Millions)

Particulars	Loans - Classified under FVOCI	Alternate Investment fund	Equity
Balances as at April 1, 2021	**52,171.66**	**71.06**	**0.50**
Issuances	124,443.75	10,526.43	-
Re-classified to amortised cost	(8,210.67)		
Sale of financial instrument classified as level 3 at the beginning of the financial year	(111,780.14)	(1,740.46)	-
Total gain /losses recognised in profit and loss	-	695.14	-
Transfers in	-	-	-
Transfers out	-	-	-
Balances as at March 31, 2022	**56,624.60**	**9,552.17**	**0.50**
Unrealised gain /losses related to balances held at the end of financial year	-	685.67	-

(₹ in Millions)

Particulars	Loans - Classified under FVOCI	Alternate Investment fund	Equity
Balances as at April 1, 2020	**58,110.66**	**50.01**	**989.00**
Issuances	69,756.05	12.44	-
Sale of financial instrument classified as level 3 at the beginning of the financial year	(75,695.05)	(0.06)	(1,450.00)
Total gain /losses recognised in profit and loss	-	8.67	461.50
Transfers in	-	-	-
Transfers out	-	-	-
Balances as at March 31, 2021	**52,171.66**	**71.06**	**0.50**
Unrealised gain /losses related to balances held at the end of financial year	-	(9.46)	-

37 F. Transferred financial assets that are derecognised in their entirety

During the year ended March 31, 2021, the Group has sold some loans and advances measured at FVTOCI as per assignment deals, as a source of finance. As per the terms of deal, since the derecognition criteria as per IND AS 109, including transfer of substantially all the risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognised. The management has evaluated the impact of the assignment transactions done during the year for its business model. Based on the future business plans, the Group's business model remains to hold the assets for collecting contractual cash flows.

The following table provide a summary of the amount of the derecognised financial assets during the year and the gain/(loss) on derecognition, which qualify for derecognition:

(₹ in Millions)

Particulars	FY 2021-22	FY 2020-21
Financial assets derecognised during the year	111,780.13	75,695.04
Gain from derecognition	5,152.65	2,445.34

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
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37 G. Transferred financial assets that are recognised in their entirety:

The Group uses securitizations as a source of finance. Such transaction resulted in the transfer of contractual cash flows from portfolios of financial assets to holders of issued debt securities. Such deals resulted in continued recognition of the securitised assets since the Group retains substantial risks and rewards. The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Carrying amount of transferred assets measured at amortised cost	24,065.08	38,405.62
Carrying amount of associated liabilities	24,065.08	38,484.40
Fair value of assets	24,057.58	38,418.47
Fair value of associated liabilities	24,060.98	38,497.25
Net position at Fair value	-	-

NOTE 38. CAPITAL, OTHER COMMITMENTS AND CONTINGENT LIABILITIES AT BALANCE SHEET DATE:

Contingent Liabilities:

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
In respect of Income tax demands (refer note a and e)	663.07	486.49
In respect of Service tax demands (including interest accrued and refer note (b))	831.66	617.50
In respect of Profession Tax demands (refer note (c))	1.55	1.55
In respect of Bank guarantees given (refer note (d))	8,454.96	12,255.43
In respect of Corporate guarantees given	233.40	233.40
In respect of legal case/ penalties/others	1.58	1.15
Contingent liability in respect of credit enhancement for securitization transaction	1,956.72	1,900.56
In respect of Stamp Duty (refer note (f))	166.60	-

(a) The Group has filed appeal against the said demands raised by the Income Tax Department.

(b) Amount paid under protest with respect to service tax demand ₹ 18.92 Million (P.Y ₹ 18.92 Million)

(c) Amount paid under protest with respect to profession tax demand ₹ 0.47 Million (P.Y ₹ 0.47 Million)

(d) The above guarantee has been given on behalf of subsidiaries/group companies.

(e) Amount paid under protest with respect to income tax demand is ₹ 417.70 Million (P.Y ₹ 233.89 Million).

(f) The Group has received demand towards stamp duty on account of the Composite Scheme of Arrangement.The demand has been raised for a sum of ₹ 750.00 Million. As per the scheme document any incidental expenses will be borne by the resulting companies i.e IIFL Finance Limited, IIFL Securities Limited and IIFL Wealth Management Limited equally. The Company has appealed against the same and paid ₹ 83.40 Million under protest towards its share of the liability and shown ₹ 166.60 Million as Contingent.

(g) Apart from the above, Group is subject to legal proceedings and claims which have arisen in the ordinary course of the business. The Group's Management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have material and adverse effect on the Group's financial position.

Commitments not provided for:

(₹ in Millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Commitments related to loans sanctioned but undrawn	24,831.13	15,670.79
Estimated amount of contracts remaining to be executed on capital and operating account	187.51	325.42
Commitments related to alternate investment funds	205.95	20.16

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Note 39. Employee stock option

The Group has implemented Employee Stock Option Scheme 2008 (ESOP Schemes) and has outstanding options granted under the said Schemes. The options vest in graded manner and must be exercised within a specified period as per the terms of the grants made by the Nomination and Remuneration Committee and ESOP Schemes.

a) The details of various Employee Stock Option Schemes are as under.

Particulars	As at March 2022 ESOP 2008	As at March 2021 ESOP 2008
Number of Option outstanding	1,147,105	331,525
Method of accounting	Fair Value	Fair Value
Vesting Plan	Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options.	
Exercise Period	Seven years from the date of grant	
Grant Date	05-Aug-2014, 02-Mar-2015, 08-Mar-2016, 29-Apr-2017, 04-Sep-2020, 06-May-2021, 20-Aug-2021 and 22-Dec-2021.	05-Aug-2014, 02-Mar-2015, 08-Mar-2016, 29-Apr-2017 and 04-Sep-2020
Grant Price (₹ Per Share)	₹ 61.40, ₹ 82.73, ₹ 82.02, ₹ 218.71, ₹ 126.64, ₹ 252.00 and ₹ 271.40	₹ 61.40, ₹ 82.73, ₹ 82.02, ₹ 218.71 and ₹ 126.64

(b) (i) Movement of options during the year ended March 31, 2022

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
Outstanding as on April 01, 2021	**331,525**	**82.02-218.71**	**93.70**	**2.65**
Granted during the year	925,000	252.00-271.40	252.52	-
Expired/forfeited during the year	14,360	82.02	82.65	-
Exercised during the year	95,060	82.02-82.73	82.04	-
Outstanding as on March 31, 2022	**1,147,105**	**82.02-218.71**	**222.89**	**5.44**
Exercisable as on March 31, 2022	**177,105**	**82.02-218.71**	**92.54**	**1.14**

b) (ii) Movement of options during year ended March 31, 2021

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
Outstanding as on April 01, 2020	**434,937**	**61.40-218.71**	**87.76**	**2.89**
Granted during the year	50,000	126.64	126.64	-
Expired/forfeited during the year	27,315	82.02-218.71	132.06	-
Exercised during the year	126,097	61.40-82.73	77.95	-
Outstanding as on March 31, 2021	**331,525**	**82.02-218.71**	**93.70**	**2.65**
Exercisable as on March 31, 2021	**276,725**	**82.02-218.71**	**85.58**	**1.96**

Fair Value Methodology:

The fair value of the shares are measured using Black scholes formulae. Measurement inputs include share price on measurement date, exercise date of the instrument, exercise price, expected life, risk free interest rate, dividend yield, expected volatility .

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Key Assumptions used in Black-Scholes model for calculating fair value as on the date of grant are as follows:

	ESOP 2008			
	FY 2021-22			FY 2020-21
	6-May-21	19-Aug-21	22-Dec-21	4-Sep-20
Stock price (₹)	252.00	252.00	271.40	87.85
Volatility	10.00%	10.00%	10.00%	10.00%
Risk-free Rate	5.66%	5.77%	5.81%	6.56%
Exercise price (₹)	252.00	252.00	271.40	126.64
Time to Maturity (Years)	5.00	5.00	5.00	5.00
Dividend yield	3.00%	3.00%	3.00%	3.00%
Weight Average Value (₹)	34.72	35.40	35.40	21.10

Stock Price: The closing market price on NSE one day prior to the date of grant has been considered for the purpose of Option valuation.

Volatility: The daily volatility of the stock prices on BSE, over a period prior to the date of grant, corresponding with the expected life of the Options has been considered to calculate the fair value.

Risk-free rate of return: The risk-free rate being considered for the calculation is the India Government Bond Generic Bid Yield with a maturity about equal to the expected life of the options.

Exercise Price: Price of each specific grant has been considered.

Time to Maturity: Time to Maturity / Expected Life of Options is the period for which the Company expects the Options to be live. The minimum life of a stock option is the minimum period before which the Options cannot be exercised and the maximum life is the period after which the Options cannot be exercised.

Expected dividend yield: Expected dividend yield has been calculated as an average of dividend yields for the three financial years preceding the date of the grant. The dividend yield for the year is derived by dividing the dividend per share by the average price per share of the respective period.

The Group has granted Employee Stock Options under IIFL Finance Employee Stock Option Plan 2020 – Merger Scheme pursuant to aforesaid Composite Scheme of Arrangement.

a) The details of various Employee Stock Option Schemes are as under:

Particulars	As at March 2022 ESOP 2020	As at March 2021 ESOP 2020
Number of Option outstanding	3,572,033	4,433,233
Method of accounting	Fair Value	Fair Value
Vesting Plan	Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options.	
Exercise Period	Seven years from the date of grant	
Grant Date	02-Dec-2015, 09-Mar-2016, 08-Feb-2017, 02-May-2018, 04-Sep-2018, 21-Nov-2018, 18-Jan-2019 and 18-Sep-2019	02-Dec-2015, 09-Mar-2016, 08-Feb-2017, 02-May-2018, 04-Sep-2018, 21-Nov-2018, 18-Jan-2019 and 18-Sep-2019
Grant Price (₹ Per Share)	₹ 61.48, ₹ 61.48, ₹ 106.67, ₹ 142.22, ₹ 177.04, ₹ 177.04, ₹ 182.22, ₹ 129.63	₹ 61.48, ₹ 61.48, ₹ 106.67, ₹ 142.22, ₹ 177.04, ₹ 177.04, ₹ 182.22, ₹ 129.63

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(b) (i) Movement of options during the year ended March 31, 2022

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
Outstanding as on April 01, 2021	**4,433,233**	**61.48 -182.22**	**150.40**	**4.06**
Granted during the year	-	-	-	-
Expired/forfeited during the year	198,225	177.04-182.22	177.37	-
Exercised during the year	662,975	61.48-182.22	118.03	-
Outstanding as on March 31, 2022	**3,572,033**	**61.48 -182.22**	**154.91**	**3.19**
Exercisable as on March 31, 2022	**2,031,205**	**61.48-182.22**	**150.73**	**3.05**

(b) (ii) Movement of options during the year ended March 31, 2021

Particulars	Option Outstanding	Range of exercise price (in ₹)	Weight average exercise price (in ₹)	Weight average remaining contractual life (Years)
Outstanding as on April 01, 2020	**8,265,678**	**61.48 -182.22**	**157.65**	**5.15**
Granted during the year	-	-	-	-
Expired/forfeited during the year	3,458,788	61.48-182.22	173.65	-
Exercised during the year	373,657	61.48-182.22	95.69	-
Outstanding as on March 31, 2021	**4,433,233**	**61.48 -182.22**	**150.40**	**4.06**
Exercisable as on March 31, 2021	**2,001,004**	**61.48 -182.22**	**132.44**	**3.57**

Fair Value Methodology:

The fair value of the shares are measured using Black scholes formulae. Measurement inputs include share price on measurement date, exercise date of the instrument, exercise price, expected life, risk free interest rate, dividend yield, expected volatility .

Key Assumptions used in Black-Scholes model for calculating fair value as on the date of grant are as follows:

Particulars	ESOP 2020			
	21-Nov-18	**4-Sep-18**	**2-May-18**	**2-May-18**
Stock price (₹)	179.63	179.63	179.63	179.63
Volatility	59%	59%	59%	59%
Risk-free Rate	7.21% - 7.40%	7.21% - 7.44%	7.13% - 7.40%	7.13% - 7.34%
Exercise price (₹)	177.04	177.04	142.22	142.22
Time to Maturity (Years)	5.39	5.43	5.09	4.84
Dividend yield	1.00%	1.00%	1.00%	1.00%
Weight Average Value (₹)	102.29	102.87	106.78	106.94

Particulars	ESOP 2020		
	18-Sep-19	**18-Jan-19**	**18-Jan-19**
Stock price (₹)	179.63	179.63	179.63
Volatility	59%	59%	59%
Risk-free Rate	7.34% - 7.49%	7.28% - 7.49%	7.28% - 7.44%
Exercise price (₹)	129.63	182.22	182.22
Time to Maturity (Years)	6.22	5.80	5.55
Dividend yield	1.00%	1.00%	1.00%
Weight Average Value (₹)	118.06	161.25	102.16

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Stock Price: The fair value of stock as on Appointed Date, i.e., April 1, 2018 ("the Effective date" or the "Date of Modification") has been used to value the outstanding grants based on Merchant Banker's Report.

Volatility: The daily volatility of the stock prices on BSE, based on post demerger traded prices, has been considered to calculate the fair value.

Risk-free rate of return: The risk-free rate being considered for the calculation is the India Government Bond Generic Bid Yield with a maturity about equal to the expected life of the options.

Exercise Price: Price of each specific grant has been considered based on equity swap ratio of the Composite Scheme of Arrangement.

Time to Maturity: Time to Maturity / Expected Life of Options is the period for which the Company expects the Options to be live. The minimum life of a stock option is the minimum period before which the Options cannot be exercised and the maximum life is the period after which the Options cannot be exercised.

Expected dividend yield: Expected dividend yield has been calculated as an average of dividend yields for the three financial years preceding the date of the grant. The dividend yield for the year is derived by dividing the dividend per share by the average price per share of the respective period.

NOTE 40. ADDITIONAL DISLCOURE REQUIREMENTS

(i) Relationship with Struck off Companies

The Group has not entererd into any transactions with strike off companies

(ii) Registration of charges or satisfaction with Registrar of Companies (ROC)

There are no charges or satisfaction yet to be registered with ROC beyond the statutory period.

(iii) Compliance with number of layers of companies

The clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 is not applicable to the Group.

(iv) Utilization of Borrowed funds and share premium

(A) The Group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(B) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(v) Undisclosed income

The Group has disclosed all its Income appropriately and in the ongoing Tax Assessments as well there has not been any such undisclosed income recognised by the relavant tax authorities.

(vi) Details of Crypto Currency or Virtual Currency

The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(vii) Disclosure of Benami Property

The Group does not possess any benami property under the Benami Transactions (Prohibition) Act, 1985 and rules made thereunder.

(viii) Disclosure of Borrowings

(a) The quarterly returns and statements of current assets filed by the Group with banks or financial institutions are in agreement with the books of accounts.

(b) The Group has utilized the borrowings from banks and financial institutions for the specific purpose for which it was taken as at March 31, 2022.

(ix) Wilful Defaulter

The Group has not been declared as Wilful Defaulter by any Bank or Financial Institution or other Lender.

(x) Title Deeds Of Immovable Properties Not Held In Name Of The Company

Except the details as disclosed below all the title deeds of immovable properties (other than properties where the Group is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Group.

Title deeds of Immovable Property not held in name of the Group

(₹ in Millions)

Particulars	Description of item of property	Gross Carrying Value	Title Deeds held in the name of	Whether title deed holder is promoter, director or relative of promoter. director or employee of promoter/ director	Property held since which date	Reason for not being held in the name of the company
Investment Property (Refer note 12)	Building	27.50	Borrower to whom loan has been given	No	January 10, 2020	Acquired in the SARFAESI Proceedings
	Building	47.34	Borrower to whom loan has been given	No	December 31, 2019	Acquired in the SARFAESI Proceedings
Non-current Assets Held for Sale (Refer note 17)	Building	96.99	Borrowers to whom loan has been given	No	Various dates	Properties repossessed under SARFAESI Act

Note: Due to the voluminous nature of transactions and sensitivity of the information, individual borrower wise details, in whose name the title deeds are held are not disclosed.

(xi) Disclosure on Loans and Advances

The Group has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment, to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

41. LIST OF RELATED PARTIES

Nature of relationship	Name of party *
Key managerial personnel	Mr.Nirmal Jain
	Mr.R. Venkataraman
	Mr. Sumit Bali (upto June 30, 2020)
	Mr.Rajesh Rajak
Other related parties	IIFL Securities Limited
	IIFL Management Services Limited
	IIFL Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited)
	IIFL Wealth Management Limited
	IIFL Facilities Services Limited (Formerly IIFL Real Estate Limited)
	India Infoline Foundation
	India Infoline Employee Trust
	IIFL Asset Management Limited
	IIFL Wealth Finance Limited
	5paisa Capital Limited
	Livlong Protection & Wellness Solutions Limited (Formerly IIFL Corporate Services Limited)
	5paisa P2P Limited
Relatives of Key managerial personnel	Mr. Shankar Subramanian (Brother of Independent Director Mr. Ramakrishnan Subramanian) date wef Sept 06, 2021

* The above list includes related parties with whom the transactions have been carried out during the year.

41.1 Significant transactions with related parties

(₹ in Millions)

Nature of Transaction	Other related parties	Key Managerial Personnel and their relatives	Total
Interest income			
5paisa Capital Limited	50.73	-	50.73
	(118.20)	-	(118.20)
IIFL Management Services Limited	0.13	-	0.13
	(28.17)	-	(28.17)
IIFL Facilities Services Limited	20.40	-	20.40
	(119.67)	-	(119.67)
IIFL Securities Limited	47.55	-	47.55
	(1.30)	-	(1.30)
Mr. Shankar Subramanian	-	0.22	0.22
	-	-	-
Interest expense			
IIFL Facilities Services Limited	90.13	-	90.13
	(84.47)	-	(84.47)
IIFL Management Services Limited	19.59		19.59
	-	-	-
IIFL Wealth Finance Limited	11.72	-	11.72
	-	-	-
IIFL Securities Limited	8.12	-	8.12
	(4.45)	-	(4.45)
Trademark License Fee			
IIFL Securities Limited	-	-	-
	(0.10)	-	(0.10)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Nature of Transaction	Other related parties	Key Managerial Personnel and their relatives	Total
Donation paid			
India Infoline Foundation	152.70	-	152.70
	(118.60)	-	(118.60)
Arranger/ processing fees /brokerage on non convertible debenture/merchant banking fees			
IIFL Wealth Management Limited	43.90	-	43.90
	(129.62)	-	(129.62)
IIFL Securities Limited	464.60	-	464.60
	(4.08)	-	(4.08)
5paisa Capital Limited	-	-	-
	(0.68)	-	(0.68)
Mr. Shankar Subramanian	-	0.01	0.01
	-	-	-
Rent expenses			
IIFL Facilities Services Limited	19.24	-	19.24
	(17.50)	-	(17.50)
Commission / brokerage expense			
IIFL Securities Limited	0.88	-	0.88
	(0.19)	-	(0.19)
Remuneration paid			
Mr.Nirmal Jain	-	86.72	86.72
	-	(80.01)	(80.01)
Mr.Sumit Bali	-	-	-
	-	(5.41)	(5.41)
Equity dividend paid			
India Infoline Emoloyee Trust	0.26	-	0.26
	(0.23)	-	(0.23)
ICD/loan taken			
IIFL Facilities Services Limited	42,955.96	-	42,955.96
	(51,081.50)	-	(51,081.50)
IIFL Securities Limited	2,000.00	-	2,000.00
	(25,650.00)	-	(25,650.00)
ICD/loan returned			
IIFL Facilities Services Limited	42,955.96	-	42,955.96
	(51,081.50)	-	(51,081.50)
IIFL Securities Limited	2,000.00	-	2,000.00
	(25,650.00)	-	(25,650.00)
ICD/loan given			
5paisa Capital Limited	6,000.00	-	6,000.00
	(28,130.00)	-	(28,130.00)
IIFL Facilities Services Limited	26,635.00	-	26,635.00
	(27,037.00)	-	(27,037.00)
IIFL Management Services Limited	500.00	-	500.00
	-	-	-
IIFL Securities Limited	17,390.00	-	17,390.00
	(4,367.50)	-	(4,367.50)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Nature of Transaction	Other related parties	Key Managerial Personnel and their relatives	Total
ICD/loan received back			
5paisa Capital Limited	6,000.00	-	6,000.00
	(29,130.00)	-	(29,130.00)
IIFL Management Services Limited	500.00	-	500.00
	(569.10)	-	(569.10)
IIFL Facilities Services Limited	26,635.00	-	26,635.00
	(29,761.50)	-	(29,761.50)
IIFL Securities Limited	17,390.00	-	17,390.00
	(4,367.50)	-	(4,367.50)
Allocation / reimbursement of expenses paid			
IIFL Securities Limited	137.05	-	137.05
	(124.95)	-	(124.95)
IIFL Management Services Limited	2.62	-	2.62
	(5.22)	-	(5.22)
IIFL Facilities Services Limited	22.13	-	22.13
	(17.29)	-	(17.29)
5paisa Capital Limited	0.42	-	0.42
	-	-	-
IIFL Wealth Management Limited	-	-	-
	(4.15)	-	(4.15)
Allocation / reimbursement of expenses paid others			
IIFL Facilities Services Limited	2.00	-	2.00
	(3.17)	-	(3.17)
IIFL Insurance Brokers Limited	0.11	-	0.11
	(0.57)	-	(0.57)
5paisa Capital Limited	3.96	-	3.96
	(3.03)	-	(3.03)
5paisa P2P Limited	0.01	-	0.01
	(0.03)	-	(0.03)
IIFL Management Services Limited	0.33	-	0.33
	(0.43)	-	(0.43)
IIFL Securities Limited	22.87	-	22.87
	(12.17)	-	(12.17)
Livlong Protection & Wellness Solutions Limited	0.19	-	0.19
(Formerly IIFL Corporate Services Limited)	-	-	-
IIFL Wealth Management Limited	-	-	-
	(0.12)	-	(0.12)
Allocation / reimbursement of expenses received			
IIFL Facilities Services Limited	0.87	-	0.87
	(3.96)	-	(3.96)
IIFL Management Services Limited	0.26	-	0.26
	(0.31)	-	(0.31)
5paisa Capital Limited	8.71	-	8.71
	(4.57)	-	(4.57)
IIFL Securities Limited	31.46	-	31.46
	(33.53)	-	(33.53)
Livlong Protection & Wellness Solutions Limited	0.09	-	0.09
(Formerly IIFL Corporate Services Limited)	-	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Nature of Transaction	Other related parties	Key Managerial Personnel and their relatives	Total
IIFL Wealth Management Limited	-	-	-
	(0.18)	-	(0.18)
Allocation / reimbursement of expenses received others			
IIFL Facilities Services Limited	1.02	-	1.02
	(1.33)	-	(1.33)
IIFL Management Services Limited	0.04	-	0.04
	(0.94)	-	(0.94)
IIFL Insurance Brokers Limited	0.70	-	0.70
	(0.29)	-	(0.29)
IIFL Asset Management Limited	-	-	-
	(0.59)	-	(0.59)
India Infoline Foundation	-	-	-
	-	-	-
5paisa Capital Limited	1.30	-	1.30
	(0.95)	-	(0.95)
5paisa P2P Limited	-	-	-
	(0.08)	-	(0.08)
IIFL Commodities Limited	-	-	-
	(0.63)	-	(0.63)
Livlong Protection & Wellness Solutions Limited (Formerly IIFL Corporate Services Limited)	0.33		0.33
	-		-
IIFL Securities Limited	10.10	-	10.10
	(7.96)	-	(7.96)
Security Deposit Paid			
IIFL Facilities Services Limited	0.43	-	0.43
	-	-	-
Sale of investment			
IIFL Wealth Finance Limited	-	-	-
	(2,011.10)	-	(2,011.10)
Non convertible debenture Issued			
IIFL Facilities Services Limited	0.40	-	0.40
	(1,000.00)	-	(1,000.00)
IIFL Securities Limited	500.00	-	500.00
	(751.80)	-	(751.80)
IIFL Management Services Limited	943.00	-	943.00
	-	-	-
Non convertible debenture Redeemed			
IIFL Wealth Finance Limited	-	-	-
	(1,038.43)	-	(1,038.43)
IIFL Facilities Services Limited	-	-	-
	(222.11)	-	(222.11)
Investment in Non convertible debentures/Buyback			
IIFL Management Services Limited	1,081.09	-	1,081.09
	-	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Note 41.2 Closing balances with related parties

(₹ in Millions)

Nature of Transaction	Other related parties	Key Managerial Personnel and their relatives	Total
Other payable			
IIFL Facilities Services Limited	1.31	-	1.31
	-	-	-
5paisa Capital Limited	1.75	-	1.75
	(2.17)	-	(2.17)
5paisa P2P Limited	-	-	-
	(0.01)	-	(0.01)
IIFL Wealth Management Limited	40.25	-	40.25
	(10.90)	-	(10.90)
IIFL Management Services Limited	-	-	-
	(0.00)	-	(0.00)
IIFL Insurance Brokers Limited	-	-	-
	(0.36)	-	(0.36)
IIFL Securities Limited	12.61	-	12.61
	(4.52)	-	(4.52)
Other receivable			
IIFL Management Services Limited	0.06	-	0.06
	-	-	-
IIFL Facilities Services Limited	-	-	-
	(1.87)	-	(1.87)
IIFL Insurance Brokers Limited	0.42	-	0.42
	-	-	-
Livlong Protection & Wellness Solutions Limited (Formerly IIFL Corporate Services Limited)	0.50	-	0.50
	-	-	-
India Infoline Foundation	54.90	-	54.90
	-	-	-
IIFL Wealth Management Limited	-	-	-
	-	-	-
Security Deposit receivable			
IIFL Facilities Services Limited	9.18	-	9.18
	(8.75)	-	(8.75)
Outstanding non convertible debenture issued			
IIFL Facilities Services Limited	0.01	-	0.01
	-	-	-
IIFL Management Services Limited	40.00	-	40.00
	(22.22)	-	(22.22)
IIFL Securities Limited	523.00	-	523.00
	(40.90)	-	(40.90)
IIFL Wealth Finance Limited	267.00	-	267.00
	(218.00)	-	(218.00)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Nature of Transaction	Other related parties	Key Managerial Personnel and their relatives	Total
Interest accrued on outstanding non convertible debenture issued			
IIFL Facilities Services Limited	0.00	-	0.00
	-	-	-
IIFL Management Services Limited		-	-
	(3.46)	-	(3.46)
IIFL Securities Limited	19.67	-	19.67
	(1.91)	-	(1.91)
IIFL Wealth Finance Limited	19.67	-	19.67
	-	-	-
Loan receivable			
Mr. Shankar Subramanian	-	2.02	2.02
	-	-	-
Gratuity payable*			
Mr.Nirmal Jain	-	1.47	1.47
	-	(1.43)	(1.43)
Leave encashment payable*			
Mr.Nirmal Jain	-	6.44	6.44
	-	(4.59)	(4.59)

* Based on acturial valuation report

#Amount is less than ₹ 0.01 mn hence shown as ₹ 0.00 mn wherever applicable.

(Figure in bracket represents previous year figures)

Note 42.1. Maturity analysis of assets and liabilities as at March 31, 2022

(₹ in Millions)

Sr. No	Particulars	Within 12 months	After 12 months	Total
	Assets			
[1]	**Financial assets**			
(a)	Cash and cash equivalents	62,116.40	-	62,116.40
(b)	Bank balance other than (a) above	14,140.66	5,312.28	19,452.94
(c)	Derivative financial instruments	-	742.81	742.81
(d)	Receivables			
	(i) Trade receivables	1,831.75	0.20	1,831.95
	(ii) Other receivables	158.00	-	158.00
(e)	Loans	149,408.85	187,520.09	336,928.94
(f)	Investments	3.35	11,918.26	11,921.61
(g)	Other financial assets	1,645.92	7,591.93	9,237.85
[2]	**Non-financial assets**			
(a)	Current tax assets (net)	16.36	2,325.30	2,341.66
(b)	Deferred tax assets (net)	-	2,858.11	2,858.11
(c)	Investment property	-	2,951.94	2,951.94
(d)	Property, plant and equipment	-	1,505.22	1,505.22

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

(₹ in Millions)

Sr. No	Particulars	Within 12 months	After 12 months	Total
(e)	Capital work-in-progress	51.40	5.04	56.44
(f)	Right to use assets	-	3,275.30	3,275.30
(g)	Other intangible assets	-	21.12	21.12
(h)	Other non-financial assets	1,033.47	2,492.48	3,525.95
(i)	Assets held for sale	175.51	-	175.51
	Total Assets	**230,581.67**	**228,520.08**	**459,101.75**
	Liabilities and Equity			
	Liabilities			
[1]	**Financial liabilities**			
(a)	Derivative financial instruments	62.26	1,581.65	1,643.91
(b)	Payables			
	(I)Trade payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,413.99	10.28	1,424.27
	(II) Other payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	99.06	-	99.06
(c)	Finance lease obligation	754.26	2,852.52	3,606.78
(d)	Debt securities	12,387.82	65,992.96	78,380.78
(e)	Borrowings (other than debt securities)	80,638.30	172,551.98	253,190.28
(f)	Subordinated liabilities	978.22	24,702.27	25,680.49
(g)	Other financial liabilities	27,946.17	260.17	28,206.34
[2]	**Non-financial liabilities**			
(a)	Current tax liabilities (net)	502.09	-	502.09
(b)	Provisions	504.24	136.83	641.07
(c)	Other non-financial liabilities	1,029.43	-	1,029.43
[3]	**Equity**			
(a)	Equity share capital	-	759.20	759.20
(b)	Other equity		63,879.09	63,879.09
(c)	Non-controlling interest	-	58.96	58.96
	Total Liabilities and Equity	**126,315.84**	**332,785.91**	**459,101.75**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

Note 42.2. Maturity analysis of assets and liabilities as at March 31, 2021

(₹ in Millions)

Sr. No	Particulars	Within 12 months	After 12 months	Total
	Assets			
[1]	**Financial assets**			
(a)	Cash and cash equivalents	26,429.02	-	26,429.02
(b)	Bank balance other than (a) above	18,373.21	3,038.33	21,411.54
(c)	Derivative financial instruments	-	503.87	503.87
(d)	Receivables			
	(i) Trade receivables	1,922.77	-	1,922.77
	(ii) Other receivables	5.10	-	5.10
(e)	Loans	158,733.12	176,598.48	335,331.60
(f)	Investments	4.23	311.48	315.71
(g)	Other financial assets	1,923.40	2,980.30	4,903.70
[2]	**Non-financial assets**			
(a)	Current tax assets (net)	16.13	2,612.24	2,628.37
(b)	Deferred tax assets (net)	-	3,111.43	3,111.43
(c)	Investment property	-	2,710.60	2,710.60
(d)	Property, plant and equipment	-	1,042.92	1,042.92
(e)	Capital work-in-progress	-	65.61	65.61
(f)	Right to use assets	-	2,985.99	2,985.99
(g)	Other intangible assets	-	11.45	11.45
(h)	Other non-financial assets	463.21	2,686.80	3,150.01
(i)	Assets held for sale	139.46	-	139.46
	Total Assets	**208,009.65**	**198,659.50**	**406,669.15**
	Liabilities and Equity			
	Liabilities			
[1]	**Financial liabilities**			
(a)	Derivative financial instruments	212.88	1,352.88	1,565.76
(b)	Payables			
	(I) Trade payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,093.91	-	1,093.91
	(II) Other payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-
(c)	Finance lease obligation	515.51	2,749.51	3,265.02
(d)	Debt securities	32,601.10	50,702.40	83,303.50
(e)	Borrowings (other than debt securities)	84,287.27	131,956.31	216,243.58
(f)	Subordinated liabilities	5,292.78	17,726.50	23,019.28
(g)	Other financial liabilities	20,864.65	49.12	20,913.77
[2]	**Non-financial liabilities**			
(a)	Current tax liabilities (net)	509.61	514.78	1,024.39
(b)	Provisions	374.84	120.91	495.75
(c)	Other non-financial liabilities	1,809.95	-	1,809.95
[3]	**Equity**			
(a)	Equity share capital	-	757.68	757.68
(b)	Other equity	-	53,117.45	53,117.45
(c)	Non-controlling interest	-	59.11	59.11
	Total Liabilities and Equity	**147,562.50**	**259,106.65**	**406,669.15**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

NOTE 43. CORPORATE SOCIAL RESPONSIBILITY:

During the financial year 2021-2022, the Group has spent ₹ 127.38 Million (P.Y. ₹ 126.16 Million) out of the total amount of ₹ 187.68 Million (P.Y. ₹ 126.16 Million) resulting into shortall of ₹ 60.29 Million (P.Y. ₹ Nil). The shorfall amount pertains towards the ongoing projects. The unspent amount has been transferred to a separate Bank account and will be spent during the FY 2022-23.The aforementioned amount has been contributed to India Infoline Foundation.

NOTE 44. ADDITIONAL INFORMATION PURSUANT TO PARA 2 OF GENERAL INSTRUCTIONS FOR THE PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS:

Name of entity in the Group	Net Assets i.e Total Assets less Total Liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (₹ in Million)	As % of consolidated profit or loss	Amount (₹ in Million)	As % of consolidated other comprehensive income	Amount (₹ in Million)	As % of consolidated total comprehensive income	Amount (₹ in Million)
IIFL Finance Limited	46.63%	30,165.72	56.42%	6,703.79	(107.04%)	(98.63)	55.16%	6,605.16
Indian Subsidiaries								
IIFL Home Finance Limited	37.88%	24,510.32	48.64%	5,779.95	216.02%	199.04	49.93%	5,978.99
Samasta Microfinance Limited	15.35%	9,933.87	4.23%	502.46	(8.92%)	(8.22)	4.13%	494.24
Indian Step down Subsidiary								
IIHL Sales Limited	0.04%	28.38	0.23%	27.88	-	-	0.23%	27.88
Trust with Residual Beneficial Interest								
Eminent Trust October 2019	0.00%	-	(4.19%)	(497.70)	-	-	(4.16%)	(497.70)
Eminent Trust November 2019	0.00%	-	(5.36%)	(637.45)	-	-	(5.32%)	(637.45)
Subtotal	**99.91%**	**64,638.29**	**99.97%**	**11,878.93**	**100.05%**	**92.19**	**99.97%**	**11,971.12**
Non Controlling interest in subsidiaries	0.09%	58.96	0.03%	3.57	(0.05%)	(0.05)	0.03%	3.52
Total		**64,697.25**		**11,882.50**		**92.14**		**11,974.64**

NOTE 45. SEGMENT REPORTING

The Group's primary business segments are reflected based on the principal business carried out, i.e. financing. All other activities of the Group revolve around the main business. The risk and returns of the business of the Group is not associated with geographical segmentation, hence there is no secondary segment reporting based on geographical segment. As such, there are no separate reportable segments as per the Indian Accounting Standard 108 on 'Segment Reporting'.

NOTE 46. SHARED SERVICES

The Group operates from and uses the premises, infrastructure and other facilities and services as provided to it by its group companies, which are termed as 'Shared Services'. Hitherto, such shared services consisting of administrative and other revenue expenses paid for by the Group were identified and recovered/recoverable from them based on reasonable management estimates, which are constantly refined in the light of additional knowledge gained relevant to such estimation. These expenses are recovered on an actual basis and the estimates are used only where actual were difficult to determine.

NOTE 47. Previous year's figures are regrouped, reclassified and rearranged wherever considered necessary to confirm to current year's presentation.

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED

Nirmal Jain
Managing Director
DIN : 00010535

R. Venkataraman
Joint Managing Director
DIN : 00011919

Rajesh Rajak
Chief Financial Officer

Sneha Patwardhan
Company Secretary

Place : Mumbai
Dated: April 28, 2022

FORM AOC-I

Salient features of financial statements of Subsidiaries as per Companies Act, 2013 as on March 31, 2022

(₹ in Millions)

Sr. No.	Particulars	IIFL Home Finance Limited	Samasta Microfinance Limited	IIHFL Sales Limited
1.	Share Capital	209.68	4,982.23	0.50
2.	Other Equity	26,597.36	5,010.60	27.88
3.	Total Assets	180,099.01	63,944.30	127.67
4.	Total Liabilities	153,291.97	53,951.47	99.29
5.	Investments	3,832.63	0.50	-
6.	Total Turnover	22,214.41	10,199.28	74.98
7.	Profit/ (loss) before taxation	7,459.63	589.45	37.83
8.	Provision for taxation (including deferred tax)	1,679.68	83.41	9.95
9.	Total Comprehensive Income	5,978.99	497.76	27.88
10.	Proposed preference dividend	-	-	-
11.	Extent of interest in subsidiary *	100.00%	99.41%	100.00%

* IIFL Finance Limited have holding of 74.41% in Samasta Microfinance Limited and 25.00% is been hold by IIFL Home Finance Limited.

Note: Reporting period for the subsidiary is the same as holding company.

For and on behalf of the Board of Directors
of IIFL Finance Limited

NIRMAL JAIN
Managing Director
DIN : 00010535

R. VENKATARAMAN
Joint Managing Director
DIN : 00011919

RAJESH RAJAK
Chief Financial Officer

SNEHA PATWARDHAN
Company Secretary

Place : Mumbai
Dated: April 28, 2022

NOTES

NOTES

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Arun Kumar Purwar
Chairman & Independent Director
Mr. Nirmal Jain
Managing Director
Mr. R Venkataraman
Joint Managing Director
Mr. Vijay Kumar Chopra
Independent Director
Mr. Nilesh Vikamsey
Independent Director
Ms. Geeta Mathur
Independent Director
Mr. Vibhore Sharma
Independent Director
Mr. Ramakrishnan Subramanian
Independent Director
Mr. Chandran Ratnaswami
Non-Executive Director

COMMITTEES OF BOARD

AUDIT COMMITTEE

Mr. Nilesh Vikamsey
Chairman
Mr. Ramakrishnan Subramanian
Ms. Geeta Mathur
Mr. Arun Kumar Purwar

NOMINATION AND REMUNERATION COMMITTEE

Mr. Vijay Kumar Chopra
Chairman
Mr. Nilesh Vikamsey
Mr. Arun Kumar Purwar

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Mr. Arun Kumar Purwar
Chairman
Mr. Vijay Kumar Chopra
Mr. R Venkataraman

RISK MANAGEMENT COMMITTEEE

Ms. Geeta Mathur
Chairperson
Mr. R Venkataraman
Mr. Nilesh Vikamsey
Mr. Ramakrishnan Subramanian
Mr. Sanjeev Srivastava

CORPORATE SOCIAL RESPONSIBILITY COMMITTEEE

Mr. Vibhore Sharma
Chairman
Mr. Nilesh Vikamsey
Mr. Vijay Kumar Chopra
Mr. R Venkataraman

ASSET LIABILITY MANAGEMENT COMMITTEE

Mr. R Venkataraman
Chairman
Mr. Vijay Kumar Chopra
Mr. Arun Kumar Purwar
Mr. Ramakrishnan Subramanian
Mr. Rajesh Rajak
Mr. Sanjeev Srivastava
Mr. Govind Modani

IT STRATEGY COMMITTEE

Mr. Vibhore Sharma
Chairman
Mr. Nilesh Vikamsey
Ms. Geeta Mathur
Mr. Arun Kumar Purwar
Mr. Ramakrishnan Subramanian
Mr. Aditya Sisodia
Mr. Mitesh Vora
Mr. Sanjeev Srivastava
Mr. Shanker Ramrakhiani

CHIEF FINANCIAL OFFICER

Mr. Rajesh Rajak

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Sneha Patwardhan

STATUTORY AUDITORS

V. Sankar Aiyar & Co. and Chhajed & Doshi
(Joint Statutory Auditors-For IIFL Finance Limited)

M. P. Chitale & Co. and Suresh Surana & Associates LLP
(Joint Statutory Auditors-For IIFL Home Finance Limited)

Brahmayya & Co
(For IIFL Samasta Finance Limited)

INTERNAL AUDITORS

Deloitte Touche Tohmatsu India LLP

CORE MANAGEMENT TEAM

Mr. Monu Ratra	ED & CEO, IIFL Home Finance Limited
Mr. Venkatesh N	Managing Director of IIFL Samasta Finance Limited
Mr. Shivaprakash Deviah	Whole-time Director of IIFL Samasta Finance Limited
Mr. Saurabh Kumar	Gold Loans
Ms. Richa Chatterjee	Human Resources
Mr. Sanjeev Srivastava	Chief Risk Officer
Mr. Manav Verma	Marketing
Mr. Aditya Sisodia	Chief Technology Officer

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Private Limited
C-101, 1st Floor, 247 Park, L.B.S Marg,
Gandhi Nagar, Vikhroli (West), Mumbai – 400 083

Note: The above Corporate Information is as on the date of this Annual Report

DEBENTURE TRUSTEES

Catalyst Trusteeship Limited
GDA House, 1st Floor, Plot No. 85 S. No. 94 & 95,
Bhusari Colony (right), Kothrud,
Pune - 411038, Phone No- 0224922 0555
Email - complianceCTL-Mumbai@ctltrustee.com,
Website- www.catalysttrustee.com

IDBI Trusteeship Services Limited
Asian Building, Ground Floor, 17, R. Kamani Marg,
Ballard Estate, Mumbai - 400001
Phone No- +91 224080 7001
Email- itsl@idbitrustee.com
Website- www.idbitrustee.com

Milestone Trusteeship Services Private Limited
GDA House, 1st Floor, Plot No. 85 S. No. 94 & 95,
Bhusari Colony (right), Kothrud,
Pune– 411038
Phone No- +91 22 6288 6119
Email- compliance@milestonetrustee.in
Website- www.milestonetrustee.in

HSBC Limited
Level 24, HSBC Main Building
1 Queen's Road Central, Hong Kong.
Phone No. +852 2841 8100
Email- isvmenatbd@hsbc.com
Website- www.gbm.hsbc.com

Vistra ITCL (India) Limited
6th Floor, The IL&FS Financial Center
Plot No. C–22, G Block, BKC
Bandra (East), Mumbai - 400051
Phone No: +91 22 69300000
Email: VistraITCL.Support@vistra.com
Website- www.vistraitcl.com

REGISTERED OFFICE

IIIFL House, Sun Infotech Park, Road No. 16V,
Plot No. B-23, Thane Industrial Area,
Wagle Estate, Thane – 400 604

CORPORATE OFFICE

802, 8th Floor, Hubtown Solaris,
N. S. Phadke Marg, Vijay Nagar,
Andheri (East), Mumbai – 400 069

LIST OF BANKERS OF THE COMPANY & ITS SUBSIDIARIES

- Axis Bank Limited
- Bandhan Bank Limited
- Bank of Baroda
- Bank of India
- Bank of Maharashtra
- Canara Bank
- Capital Small Finance Bank
- Central Bank of India
- CSB Bank
- DBS Bank India Limited
- DCB Bank
- Dhanlakshmi Bank Limited
- Federal Bank
- HDFC Bank
- HSBC Bank
- ICICI Bank Limited
- IDBI Bank
- IDFC First Bank Limited
- Indian Bank
- Indian Overseas Bank
- Jana Small Finance Bank
- Karnataka Bank Limited
- Kotak Mahindra Bank
- MUDRA
- NABARD
- National Housing Bank
- Punjab & Sind Bank
- Punjab National Bank
- RBL Bank Limited
- SIDBI
- South Indian Bank
- Standard Chartered Bank
- State Bank (Mauritius) Limited
- State Bank of India
- Suryoday Small Finance Bank Limited
- UCO Bank
- Union Bank of India
- Uthkarsh Small Finance Bank
- Woori Bank
- YES Bank Limited

CAUTIONARY STATEMENT

This document contains forward-looking statement and information. Such statements are based on our current expectations and certain assumptions and are therefore, subject to certain risk and uncertainties. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary. IIFL does not intend to assume any obligation to update or revise these forward-looking statements in light of developments, which differs from those anticipated.

IIFL Finance Limited
(formerly IIFL Holdings Limited)
CIN: L67100MH1995PLC093797

Registered office:
IIFL House, Sun Infotech Park, Road No. 16,
Plot No. B-23, MIDC, Thane Industrial Estate,
Wagle Estate, Thane - 400 604
Corporate office:
802, 8th Floor, Hubtown Solaris,
N. S. Phadke Marg, Vijay Nagar,
Andheri East, Mumbai - 400 069
Tel: +91 22 6788 1000
Email: shareholders@iifl.com | ir@iifl.com
Website: **www.iifl.com**

/indiainfoline

/IIFLCorporate

IIFL (India Infoline Group)

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